

**Comprehensive
Annual Financial Report
of the**

CITY OF DENHAM SPRINGS

Denham Springs, Louisiana

**For the Fiscal Year Ended
June 30, 2010**

**Prepared by the
City of Denham Springs
Accounting Department**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/26/11

CITY OF DENHAM SPRINGS
DENHAM SPRINGS, LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

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DENHAM SPRINGS, LOUISIANA**

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**CITY OF DENHAM SPRINGS
DENHAM SPRINGS, LOUISIANA**

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City of Denham Springs

MAYOR
JAMES E. DURBIN

CITY TREASURER
CLARENCE E. SPEED, JR.

CITY CLERK
JOAN LEBLANC

December 22, 2010

To the Honorable Mayor, Members of the City Council,
And Citizens of the City of Denham Springs

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Denham Springs (City) for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City of Denham Springs. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Denham Springs has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Hannis T. Bourgeois, LLP, a firm of licensed certified public accountants has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Denham Springs for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

During the current fiscal year, the City was not required to undergo a single audit in conformance with the provisions of the revised Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to the Auditor's Report on Compliance and on Internal Control over Financial Reporting, is included in a separately issued report and is available upon request.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Denham Springs, incorporated in 1903, is located on the western side of Livingston Parish and is adjacent to East Baton Rouge Parish, which contains the capital city of Baton Rouge and is a major industrial area. The City currently occupies a land area of 6.12 square miles and serves a population of 10,790. The City of Denham Springs is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Denham Springs has operated under the mayor-board of aldermen (city council) form of government since 1903. Policy-making and legislative authority are vested in a governing council consisting of five council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing, with the approval of the city council, the heads of the various departments. The mayor and the city council are elected at large. The mayor and the five council members serve four-year terms.

The City of Denham Springs provides a full range of services, including police and fire protection, maintenance of streets and drainage, maintaining landscape beautification, animal control, cemetery, general administrative services, planning and zoning, building inspection, main street program, health services, gas services, water services, sewer services, and recycling and solid waste disposal.

A determination of the financial reporting entity to be included in this comprehensive annual financial report (CAFR) is made through the application of criteria established by the Governmental Accounting Standards Board (GASB), Statement 14. A complete explanation of the financial reporting entity is included in the Summary of Significant Accounting Policies in the Notes to the Financial Statements.

The City of Denham Springs financial reporting entity consists of the following:

- The Primary Government – This is the City (all funds under the auspices of the Mayor and the City Council).
- Legally separate component units – These units of government are legally separate from the City government but have a sufficiently close relationship with the government to warrant inclusion in the consolidated financial report.

The financial statements included in this CAFR are as follows:

- | | |
|---|-------------------------|
| ➤ The City of Denham Springs | Primary Government |
| ➤ Denham Springs Sewerage District No. 1 | Blended Component Unit |
| ➤ City Court of Denham Springs - Ward II | Discrete Component Unit |
| ➤ Marshal of City Court of Denham Springs - Ward II | Discrete Component Unit |
| ➤ Denham Springs Economic Development District | Discrete Component Unit |

An explanation of the accounting policies of the City of Denham Springs is contained in the Notes to the Financial Statements. The basis of accounting, fund structure, and other significant information on financial policies is explained in detail in the Notes to the Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City of Denham Springs are required to submit requests for appropriation to the government's city treasurer. The city treasurer uses these requests as the starting point for developing a proposed budget. The mayor reviews the proposed budget for revisions and budget message. The city treasurer then presents this proposed budget to the city council for review. The city council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council. Additional details on the budget process are explained in the Notes to the Financial Statements.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in Exhibit B-5 as part of the financial statements of the governmental funds. The only other governmental funds with annual appropriated budgets are the Capital Projects Fund and the Witness Fee Special Revenue Fund. These funds are considered nonmajor funds. The budget comparisons are presented in Exhibits D-3 and D-4 as part of the financial statements of the governmental funds.

As authorized by the Mayor-City Council, the Accounting Department is entrusted with maintaining accounting systems for the City of Denham Springs in accordance with the best-recognized practices in governmental accounting. It keeps the records for, and with the authority of the Mayor, exercises financial and budgetary control over each City department.

In developing and evaluating the accounting system of the City of Denham Springs, the Accounting Department considers the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the City of Denham Springs government is responsible for ensuring that adequate internal controls are in effect. All internal control evaluations occur within the framework described. The Accounting Department believes that the internal controls of the City of Denham Springs adequately safeguard and provide reasonable assurance of the proper recording of financial transactions.

Factors Affecting Financial Condition

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Denham Springs operates.

Local economy. The City of Denham Springs continues to enjoy a favorable economic environment and local indicators point to continued stability. The region has a varied industrial base that adds to the relative stability of the unemployment rate. Major industrial areas located within close proximity include the petrochemical manufacturing plants and the companies supported by these plants such as suppliers, contractors, professionals and financial institutions. Add to this the state governmental job availability in the surrounding areas of Baton Rouge, the state capital for the State of Louisiana, and the businesses supported directly and indirectly.

The BP (British Petroleum) oil spill in the Gulf of Mexico did not result in any negligible economic impact (either positive or negative) to the City of Denham Springs.

The nationwide financial crisis and subsequent economic distress has resulted in population growth in areas near Denham Springs to slowdown. Key to this slowdown is stricter qualifications for housing mortgages. On a positive note, the factors new residents consider when relocating to Livingston Parish continues to be lower crime rates, a respected school system and various quality of life benefits offered such as recreation, arts, antiques, local music concerts, and theater productions. Though investment dollars are limited, retailers continue to follow the population growth and are locating or expanding operations within the City of Denham Springs. Long-term economic outlook and availability of commercial properties with city services including police and fire protection are major factors with retailers deciding to locate here.

The Bass Pro Shop and Islamorada Fish Company Restaurant opened in February 2008. Since that opening date Longhorn Steak House and Hooters Restaurants have opened for business. Amite Crossing boutique strip center construction is complete. Current occupants are Geisha Restaurant, Yogen Frusz, Nawlins Sports, El Rancho Mexican Grill, Beef Jerky Outlet, Louisiana Discount Liquor, Sports Clips Haircut, Café Phoenicia Mediterranean Cuisine, The Jambalaya Shoppe, Kimberly Blair, Anytime Fitness, Crouching Dragon Restaurant, Cookie & Crème and Voo Doo BBQ Grill. Amite Crossing strip center has three available spaces for business occupants. Anticipated additional construction at the Bass Pro Development is a Sam's Club and Ashley Furniture Store.

The City of Denham Springs continues to explore additional tracts of land within the City for future commercial growth. The vision is to design streets providing access to vacant available land. Land owners in these identified areas who are willing to donate the necessary land to construct these streets have the potential to benefit economically from the commercial growth anticipated to follow. The City is currently locating available funding, such as grants, from the State of Louisiana to complete construction of this type of project.

The region (which includes the City of Denham Springs and the surrounding unincorporated area within Livingston Parish) has an employed labor force of approximately 55,447. This is according to the Louisiana Department of Labor revised June 2010 employment numbers. The City's central business district continues to maintain its current 97-100 percent occupancy rate with a variety of stores, specialty shops, and commercial businesses.

Major Initiatives in 2010

The City of Denham Springs has made expansion of sewer services a top priority to areas currently provided water services outside the city limits. During fiscal year 2009, in accordance with Louisiana Revised Statute 33:3911 et seq. and approved by resolution of the Livingston Parish Council adopted December 11, 2008, the City of Denham Springs Council approved on January 26, 2009, the creation of the Denham Springs Sewerage District No. 1 covering areas outside the city limits currently provided water service. The City Council approved the issuance of \$23,750,000 series 2009 utility revenue bonds to finance the cost of constructing sewer lift stations and sewer transmission lines. The bond issue was transacted in November 2009 and net construction funds deposited with the City trustee, Regions Bank. Engineering design is complete and bids have been let and awarded for phases 1-4. Engineering design is being finalized for phases 5-8. It is anticipated that by March 2011 bids for phases 5-8 will be let. Construction is nearing completion for Phase 1 and 2. Construction will proceed with an anticipated completion date of December 2011. It is anticipated that all new sewer customers in this newly created district will be connected by March 2012. It is anticipated that the initial new sewer customer total will be approximately 2,700.

Long-term financial planning.

The City will continue to improve services and upgrade infrastructure. Projects planned for the future include:

Fire Protection Improvements

- Maintaining the City's current fire rating of 3 with the long-term goal of working toward a fire rating of 2. Key to this is the replacement of old water service lines within the City.

Highway Infrastructure Improvements

- Construction of an I-12 interchange at Pete's Highway (LA Hwy. 16). This interchange project is to be funded by Federal and State appropriations.
- Rushing Road (LA Hwy. 3003 west) widening project from Range Avenue to Beau Village subdivision. This is to be funded by State and local appropriations.
- Tate Road widening project is to be funded by State and local appropriations.
- Cockerham Road (LA Hwy. 1030) sidewalk/safety/drainage improvement project. This project is to close in ditches on both sides of Cockerham Road (LA Hwy. 1030) between Range Avenue (LA Hwy. 16) to Hatchell Lane (LA Hwy. 1031) to add sidewalks and/or replace sidewalks that are currently adjacent to deep ditches. This project anticipates \$1,045,000 of federal enhancement funds and federal safety funds to be available through the State of Louisiana Department of Transportation and Development (DOTD) for construction cost. A match of \$133,200 is anticipated by the City for surveying and engineering cost.
- Hatchell Lane (LA Hwy. 1031) sidewalk/drainage project. The City has authorized Forte and Tablada, Inc. (engineering firm) to make application for federal enhancement/safety dollars through the State of Louisiana Department of Transportation and Development (DOTD). Scope of project and project cost to be determined based on federal/state funding available.
- Encouraging our local Baton Rouge area representatives and senators along with our United States congressional delegation to fully fund the adding of additional I-12 interstate lanes going east and West through the City of Denham Springs past the Town of Walker.
- Planning and funding sources continue to be studied for the upgrade of Cook Road from Pete's Highway and an extension of Cook Road to Juban Road. This planned curb and gutter-street will provide access for the planned construction of a new high school and will provide a link to the new interstate interchange and provide new commercial areas. This is within the area under consideration for annexation and is a project expected to require a minimum of five years to complete.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Denham Springs for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the fourteenth consecutive year that the City of Denham Springs has received this prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

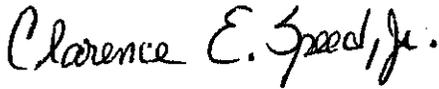
In order to be awarded a Certificate of Achievement by GFOA, a governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted (GAAP) in the United States of America, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Denham Springs has received this award each year for the 14-year period ending June 30, 2009. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff. I also acknowledge the thorough, professional, and timely manner in which the audit was conducted by our independent auditors, Hannis T. Bourgeois, LLP (Certified Public Accountants).

Appreciation is also expressed to the Mayor and City Council for their support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

City of Denham Springs



Clarence E. Speed, Jr.
City Treasurer

CITY OF DENHAM SPRINGS
PRINCIPAL ELECTED OFFICIALS

JUNE 30, 2010

Mayor:

James E. Durbin

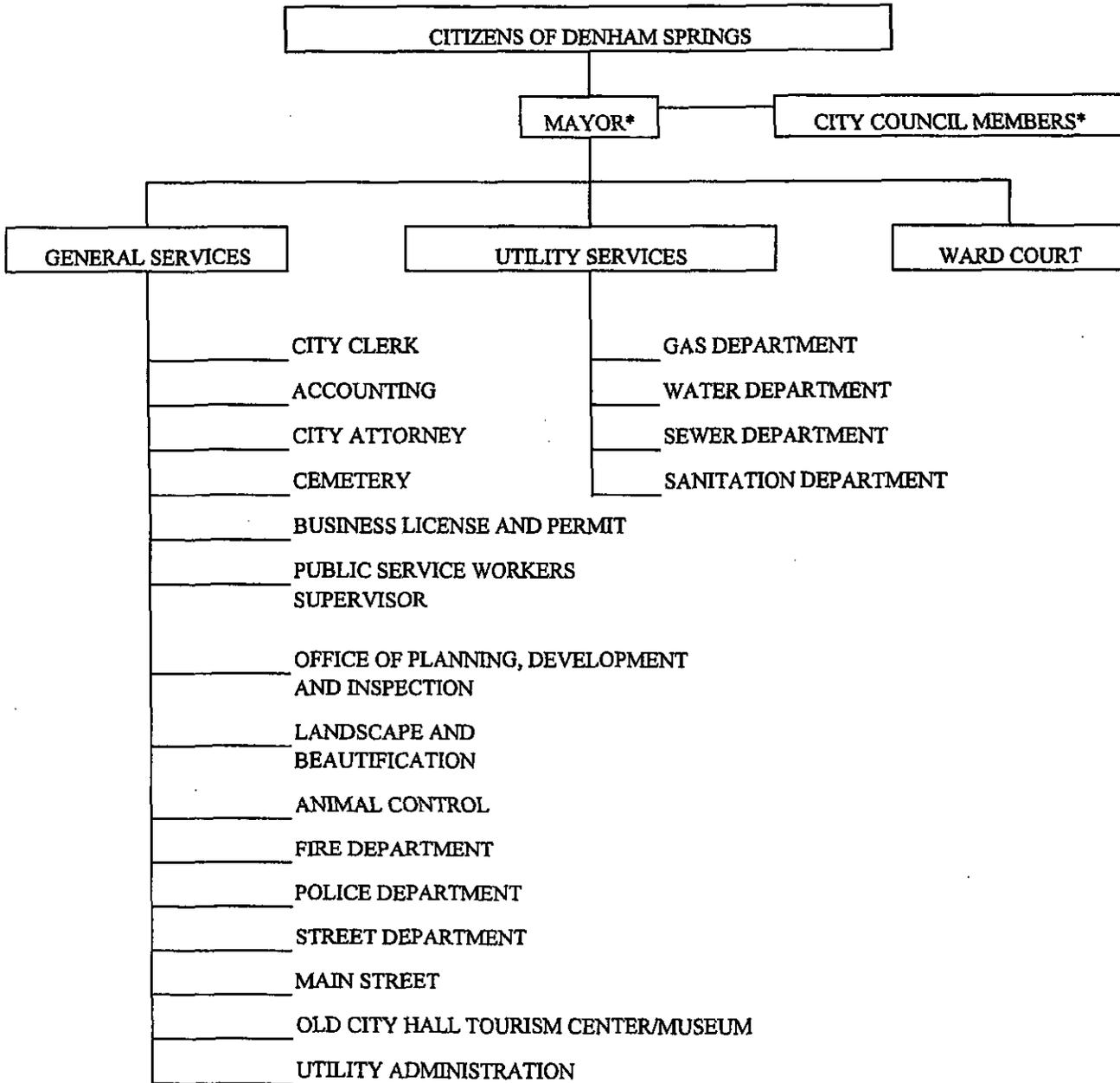
City Council Members:
Current Terms Expire December 31, 2010:

Lori Lamm-Williams
Arthur Perkins
John Wascom
Rene F. Delahoussaye, Jr.
Annie M. Fugler

CITY OF DENHAM SPRINGS

ORGANIZATIONAL CHART

JUNE 30, 2010



* ELECTED OFFICIALS

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Denham Springs
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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December 22, 2010

INDEPENDENT AUDITOR'S REPORT

The Honorable James E. Durbin, Mayor
and Members of the City Council
Denham Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, the budgetary comparison statement of the general fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of the City's nonmajor internal service fund and each of the governmental funds presented in the accompanying combining financial statements and the budgetary comparison schedule of the Capital Projects Fund and the Special Revenue Fund as of and for the year ended June 30, 2010, as listed in the table of contents as exhibits D-1 through D-4. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, the budgetary comparison statement of the general fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the nonmajor internal service fund, governmental funds and the budgetary comparison schedule of the Capital Projects Fund and the Special Revenue Fund of the City of Denham Springs, Louisiana, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable James E. Durbin
And Members of the City Council
City of Denham Springs, Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated December 22, 2010, on our consideration of the City of Denham Springs' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Denham Springs, Louisiana's financial statements as a whole. The introductory section, the capital assets schedules, Exhibits E-1 through E-3, the supplementary schedule, Schedule 1, and the statistical section, Schedules 2 through 20 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The capital assets schedules, Exhibits E-1 through E-3, and the supplementary schedule, Schedule 1, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections, Schedules 2 through 20, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

Hannis J. Bourgeois, CPA

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

As management of the City of Denham Springs, Louisiana, we offer readers of the City of Denham Springs, Louisiana's financial statements this narrative overview and analysis of the financial activities of the City of Denham Springs, Louisiana, for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-x of this report.

Financial Highlights

- The assets of the City of Denham Springs primary government exceeded liabilities at the close of the most recent fiscal year by \$27,515,106 (*net assets*).
- The primary government's total net assets compared to prior year total net assets of \$30,733,210 decreased by (\$3,218,104).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,133,561, a decrease of (\$172,838) in comparison with the prior year combined ending fund balances of \$4,306,399. Approximately eighty-three percent of this total amount, \$3,415,745, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,218,813 or 31 percent of total general fund expenditures.
- The City's total liabilities increased by \$20,837,355 during the current fiscal year. Governmental activities liabilities decreased (\$719,319). Significant to this decrease is a reduction in accounts payable and accrued expenses of (\$640,029) and decrease in capital lease of (\$228,731), offset by an increase of \$50,000 for deferred revenue regarding an unspent state grant received, and an increase in compensated absences of \$99,441 in an attempt to control overtime payments for fire and police. Business-type activities liabilities increased \$21,556,674. Key to this increase was the issuance of the \$23,750,000 Series 2009 Utility Revenue Bonds on November 1, 2009 to fund the construction of a sewer collection system and expansion within the newly established Denham Springs Sewerage District No.1. The net proceeds received from the 2009 bond issuance net of cost of issuance and issuance discount was \$22,457,223. Business-type activities accounts payable and accrued expenses decreased (\$1,414,928) as water and sewer projects paid with 2006 and 2008 bond proceeds were completed. Business-type activities long term debt repayments net of changes in compensated absences and amortization of bond premium was (\$617,369).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Denham Springs's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* (see Exhibit A-1 and A-2) are designed to provide readers with a broad overview of the City of Denham Springs's finances, in a manner similar to a private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. The statements combine all governmental funds and internal service funds current financial resources with capital assets and long-term obligations. Also presented in the government-wide financial statements is a total column for the business-type activities of the primary government. Component units are separate legal governmental entities to which the City of Denham Springs may be obligated to provide financial assistance and are presented as a separate column in the government-wide statements and as individual activities within the basic financial statements. All City of Denham Springs discretely presented component unit agencies issue separate independently audited financial statements.

The *Statement of Net Assets* (Exhibit A-1) presents information on all of the City of Denham Springs's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Denham Springs is improving or deteriorating.

The *Statement of Activities* (Exhibit A-2) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities which are funded by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services and/or subsidy to various governmental and business-type activities and component units.

Both of the government-wide financial statements distinguish functions of the City of Denham Springs that are principally supported by taxes, licenses, permits, fines and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities of the City of Denham Springs* include general government, public safety, highways and streets, health, and culture and recreation. The *business-type activities of the City of Denham Springs* include a natural gas and water distribution operation, a sewer disposal operation, and a contracted solid waste disposal operation. In addition, on January 26, 2009 the City of Denham Springs created Denham Springs Sewerage District No. 1. This new sewer district encompasses unincorporated areas in Livingston Parish that the City currently provides natural gas and water services. Denham Springs Sewerage District No. 1 was created in accordance with Louisiana Statute and approved by resolution adopted by the Livingston Parish Council. Denham Springs Sewerage District No. 1 is a blended component unit. Blending is the method of reporting the financial data of a component unit to present the component unit's balances and transactions in a manner similar to the presentation of the balances and transactions of the primary government. All business-type activities are included in a single Utility Enterprise Fund.

The *government-wide financial statements include not only the City of Denham Springs itself (known as the primary government)*, but also a legally separate City Court of Denham Springs Ward II and a legally separate Marshall of City of Denham Springs - Ward II for which the City of Denham Springs is financially accountable. In addition to the state constitutionally defined agencies included above, the City has created an Economic Development District under Louisiana Statute, the Denham Springs Economic Development District, to assist the City and surrounding area in the creation of economic development, to improve employment and to otherwise improve the economic condition of the City of Denham Springs and surrounding areas. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are presented in Exhibits A-1 and A-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Denham Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Denham Springs can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Denham Springs maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other four governmental funds (capital projects, debt service, permanent and special revenue funds) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Denham Springs adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are presented in Exhibits B-1 to B-5 of this report.

Proprietary funds. The City of Denham Springs maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Denham Springs uses enterprise funds (Utility Enterprise Fund and Denham Springs Sewer District Number 1) to account for its natural gas and water distribution operation, sewer disposal operation, and contracted solid waste disposal operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Denham Springs uses an internal service fund to account for fuel and maintenance cost for its fleet of vehicles and equipment. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise funds consisting of the natural gas and water distribution operation, sewer disposal operation, and contracted solid waste disposal operation, which are considered to be major funds of the City of Denham Springs. Conversely, the internal service fund is a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements are presented in Exhibits C-1 to C-3 of this report

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Cash management policies and practices of the City of Denham Springs conservatively invest idle funds in certificates of deposit through its current fiscal agent, Capital One, N.A. Commencing December 14, 2009 the City shifted certificates of deposit balances into public funds interest bearing checking accounts through Capital One, N.A. This change was necessitated by the extremely low interest rates (around 0.45%) offered for reinvesting certificates of deposit proceeds. All investments are collateralized with securities pledged by the financial institution and held in our name by an approved third-party custodial bank. Procedures followed and securities pledged are in accordance with the Statutes of the State of Louisiana. The maturities of the certificates of deposit range from 180 days to 365 days with an average maturity of 365 days. The average yield on the certificates of deposit was 0.98% for the fiscal year ended June 30, 2010. The average yield on the public funds interest bearing checking account was 0.81% for the fiscal year ended June 30, 2010.

Risk management - during the fiscal year ended June 30, 2010 management believes the City is fully insured for all major risks, such as General Liability, Worker's Compensation, Employee and Public Official Fidelity Bonds, and Fire Extended Coverage and Flood Insurance. The City maintains no self-insurance program at June 30, 2010.

Additional information on the City of Denham Springs cash management policies and practices and risk management can be found in the notes to the financial statements on pages 48-91 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the combining statements, and the individual budgetary comparison schedules referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. The combining and individual fund statements and schedules are presented behind the notes to the financial statements as Exhibits D-1 to D-4 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Denham Springs, assets exceeded liabilities by \$27,515,106 at the close of the most recent fiscal year.

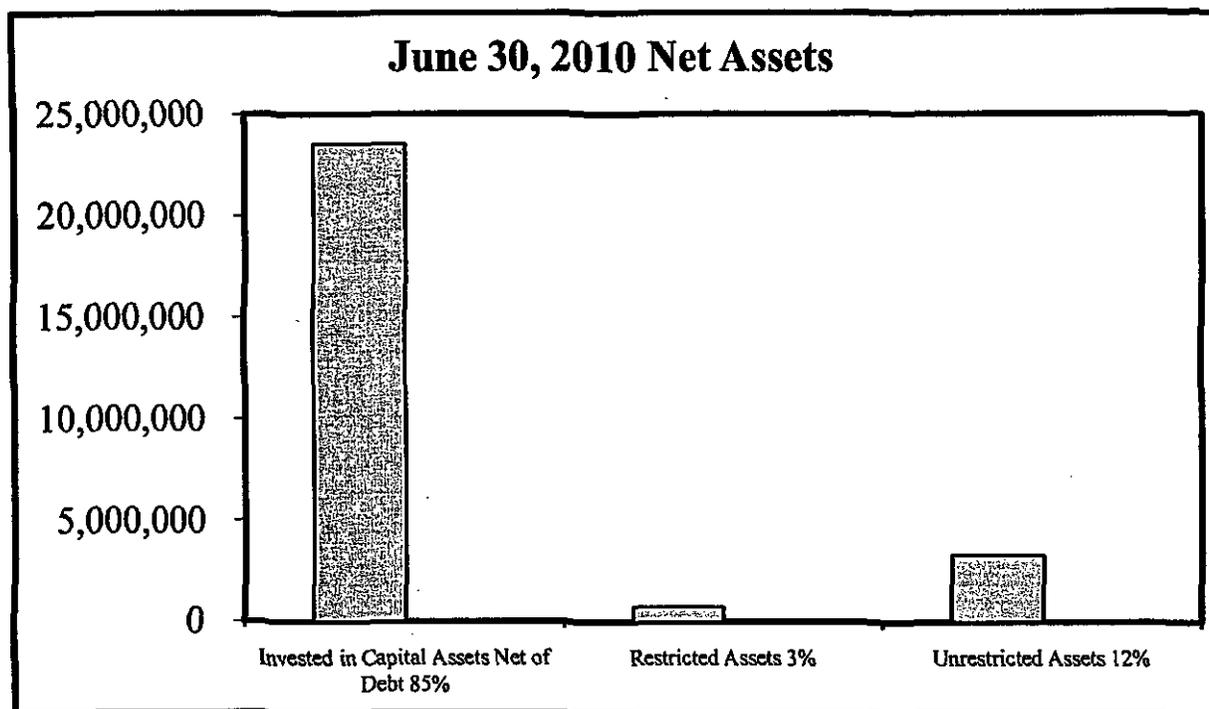
By far the largest portion of the City of Denham Springs's net assets (85.4 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding. The City of Denham Springs uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Denham Springs's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the Condensed Statement of Net Assets for June 30, 2010 with comparative figures from 2009.

City of Denham Springs
Condensed Statement of Net Assets
June 30, 2010 and 2009

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Assets:						
Current and Other						
Assets	\$ 4,873,114	\$ 5,632,092	\$ 2,362,111	\$ 988,925	\$ 7,235,225	\$ 6,621,017
Restricted Assets	-	-	23,117,917	7,007,347	23,117,917	7,007,347
Capital Assets	9,134,203	9,388,511	46,731,605	45,582,824	55,865,808	54,971,335
Total Assets	<u>14,007,317</u>	<u>15,020,603</u>	<u>72,211,633</u>	<u>53,579,096</u>	<u>86,218,950</u>	<u>68,599,699</u>
Liabilities:						
Current Liabilities	857,527	1,441,833	2,362,833	3,757,676	3,220,360	5,199,509
Long-Term Liabilities	961,122	1,096,135	54,522,362	31,570,845	55,483,484	32,666,980
Total Liabilities	<u>1,818,649</u>	<u>2,537,968</u>	<u>56,885,195</u>	<u>35,328,521</u>	<u>58,703,844</u>	<u>37,866,489</u>
Net Assets:						
Invested in Capital						
Assets Net of Debt	8,505,809	8,531,386	15,000,218	19,710,756	23,506,027	28,242,142
Restricted	717,816	677,899	-	-	717,816	677,899
Unrestricted	2,965,043	3,273,350	326,220	(1,460,181)	3,291,263	1,813,169
Total Net Assets	<u>\$ 12,188,668</u>	<u>\$ 12,482,635</u>	<u>\$ 15,326,438</u>	<u>\$ 18,250,575</u>	<u>\$ 27,515,106</u>	<u>\$ 30,733,210</u>

For more detailed information see Exhibit A-1, the Statement of Net Assets.



Approximately 85% or \$23,506,027 of the City's net assets at June 30, 2010, reflects the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related debt to acquire those assets. The City uses these capital assets to provide services to the citizens of Denham Springs and, therefore, these assets are not available for future spending. An additional portion of the City of Denham Springs' net assets 3 percent or \$717,816, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,291,263 or 12 percent are unrestricted net assets and may be used to meet government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Denham Springs is able to report positive balances in all three categories of net assets for the government as a whole and a positive balance for the governmental activities and the business-type activities.

Restricted assets reported in connection with the City of Denham Springs' business-type activities increased \$16,110,570 compared to the prior fiscal year. The key factor in this net increase is the \$20,598,501 remaining unspent bond proceeds in the newly created Denham Springs Sewerage District No. 1 at June 30, 2010. Offsetting this increase is the cost of constructing water and wastewater infrastructure funded by \$4,518,972 of construction account proceeds (restricted assets) from the 2006 Utility Revenue Bond and the 2008 Utility Revenue Bond issues.

The City's net assets decreased by (\$3,218,104) during the current fiscal year as compared to 2009's increase of \$2,674,071. Attributable to this decrease is investments in capital assets, net of related debt of (\$4,736,115), offset by an increase in restricted for cemetery care - nonexpendable of \$39,917 and unrestricted net assets of \$1,478,094. Significant to this decrease in net assets is a one-time charge-off (special item) within the business-type activities for the utility enterprise fund of \$2,652,707 for the remaining residual value of the oxidation ponds. These have become obsolete as the City has moved to treating its wastewater with a new mechanical sewer treatment plant financed by 2006 and 2008 utility revenue bond issues.

The condensed statement below provides a summary of the changes in net assets for the year ended June 30, 2010, with comparative figures from 2009.

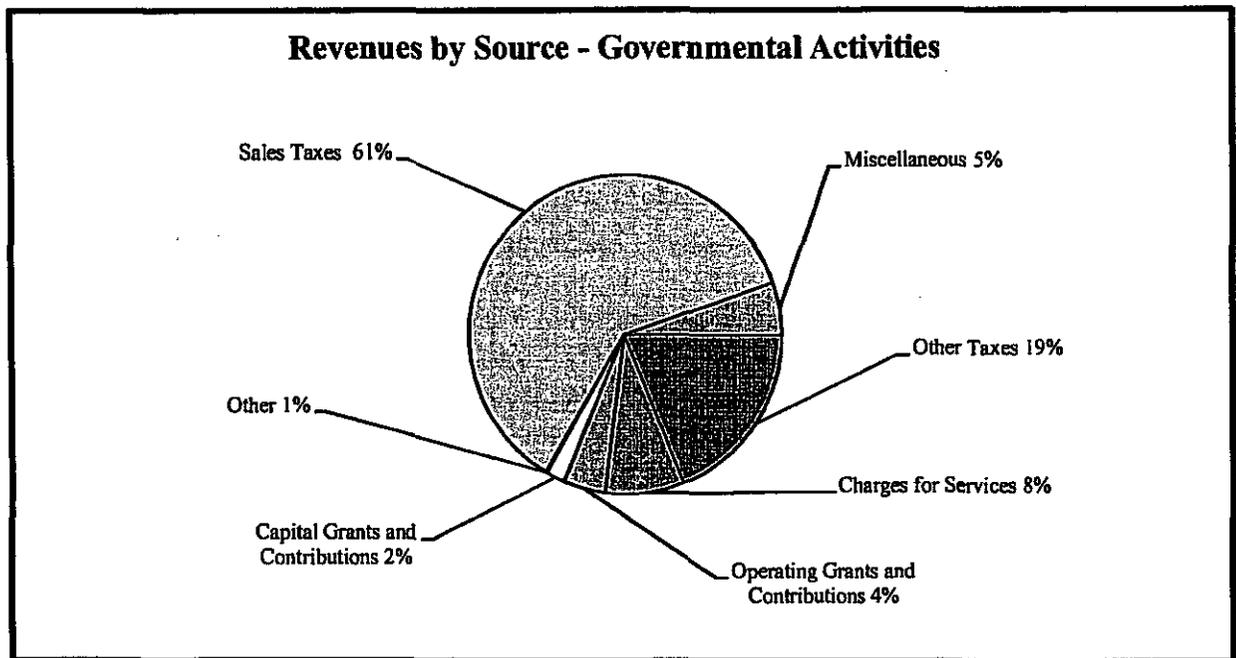
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 831,877	\$ 633,554	\$ 9,749,444	\$ 9,923,289	\$ 10,581,321	\$ 10,556,843
Operating Grants and Contributions	447,024	4,394,359	-	143,268	447,024	4,537,627
Capital Grants and Contributions	203,621	139,634	57,988	151,022	261,609	290,656
General Revenues:						
Sales Taxes	6,310,540	6,921,858	-	-	6,310,540	6,921,858
Other Taxes	1,954,132	2,057,568	-	-	1,954,132	2,057,568
Miscellaneous	551,082	672,517	57,330	15,980	608,412	688,497
Other	12,102	28,654	14,149	30,108	26,251	58,762
Total Revenues	10,310,378	14,848,144	9,878,911	10,263,667	20,189,289	25,111,811
Expenses:						
General Government	2,067,324	2,001,415	-	-	2,067,324	2,001,415
Public Safety	6,559,364	6,501,384	-	-	6,559,364	6,501,384
Highways and Streets	1,765,577	5,665,185	-	-	1,765,577	5,665,185
Health	78,210	87,189	-	-	78,210	87,189
Culture and Recreation	95,680	47,985	-	-	95,680	47,985
Interest on Long-Term Debt	38,190	64,051	-	-	38,190	64,051
Gas	-	-	3,492,599	3,645,980	3,492,599	3,645,980
Water	-	-	2,173,325	1,600,633	2,173,325	1,600,633
Sewer	-	-	3,636,328	1,986,382	3,636,328	1,986,382
Sanitation	-	-	848,089	837,536	848,089	837,536
Total Expenses	10,604,345	14,367,209	10,150,341	8,070,531	20,754,686	22,437,740
Increase (Decrease) in Net Assets Before Special Items	(293,967)	480,935	(271,430)	2,193,136	(565,397)	2,674,071
Special Item	-	-	(2,652,707)	-	(2,652,707)	-
Increase in Net Assets	(293,967)	480,935	(2,924,137)	2,193,136	(3,218,104)	2,674,071
Net Assets - Beginning of Year	12,482,635	12,001,700	18,250,575	16,057,439	30,733,210	28,059,139
Net Assets - End of Year	\$ 12,188,668	\$ 12,482,635	\$ 15,326,438	\$ 18,250,575	\$ 27,515,106	\$ 30,733,210

Governmental activities. Governmental activities decreased the City of Denham Springs's net assets by (\$293,967), thereby accounting for 9 percent of the total decrease in the net assets of the City of Denham Springs. Key elements of this net decrease are documented below.

Total revenues from Governmental activities decreased by (\$4,537,766) over the prior year caused mainly by the following:

- Sales taxes decreased by 9.0% or (\$611,318) during the fiscal year. This decrease is attributable to a 9.0% or (\$560,220) decrease in retail sales other than Bass Pro Development, an 18.0% or (\$37,395) decrease in retail sales from the Bass Pro Development, a 6.0% or (\$19,714) decrease in vehicle sales tax collected and offset by a 35% or \$6,011 decrease in sales tax refunded through audits.

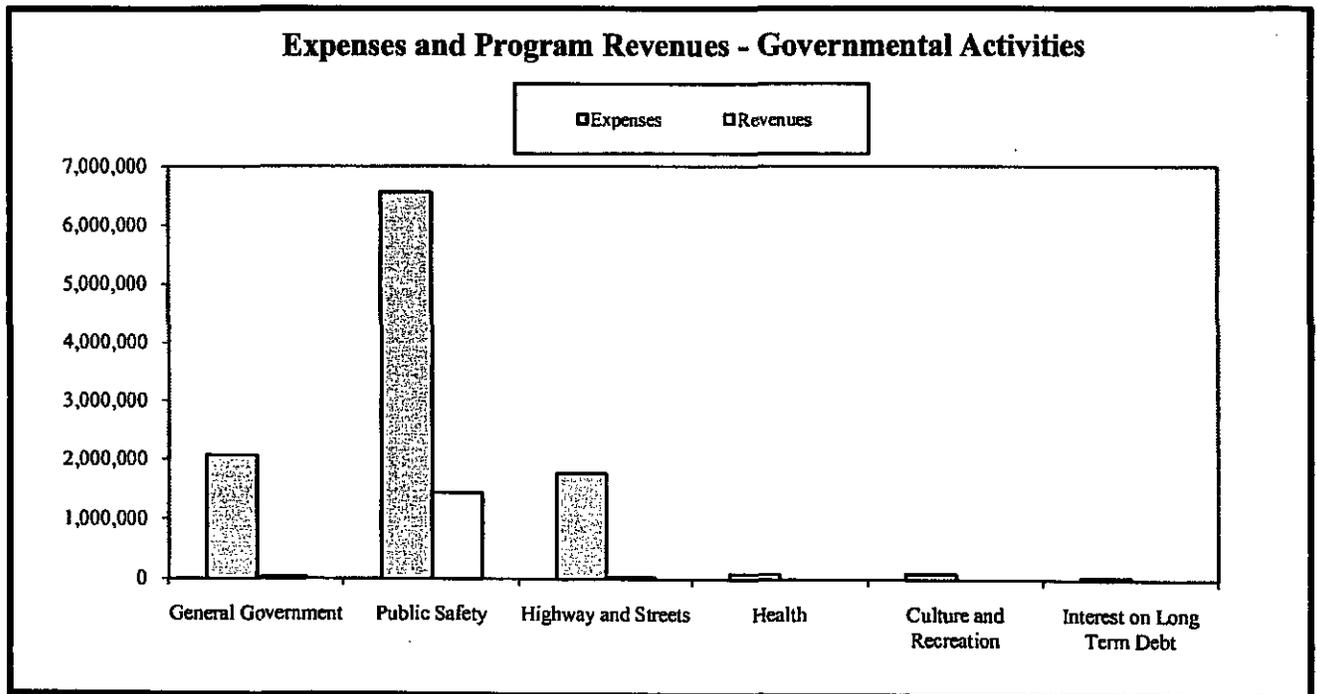
- Franchise fees decreased by (\$106,197). Entergy Corporation remitted decreased electrical franchise fees of (\$114,007), DEMCO remitted increased electrical franchise fees of \$14,941, Cox Communications remitted decreased cable television franchise fees of (\$7,923) offset by AT&T UVERSE cable television franchise fees of \$792. There was no change in the collection of wrecker franchise fees compared to the prior fiscal year.
- Charges for services increased by \$198,323 during the fiscal year. This is mainly attributable to an increase in fines collected of \$283,787, an increase in wreck reports fees of \$4,817, and an increase in witness fees collected of \$5,038, offset by a decrease in animal adoption fees of (\$8,169), and a decrease in background check fees of (\$87,150). There was no change in road maintenance fees compared to the prior fiscal year. Note background check fees were collected through August 2009. This service is now being provided by the Louisiana State Police.
- Operating grants and contributions decreased (\$3,947,335) during the fiscal year. This net decrease is mainly attributable to prior fiscal year receipt of Federal Emergency Management Agency (FEMA) reimbursements of (\$4,041,636) for debris clean-up from Hurricane Gustav. Offsetting this decrease is an increase in On-Behalf payments of \$62,567 from the State of Louisiana for police and fire supplemental pay and a net increase of \$31,734 in grants toward law enforcement overtime.
- Capital Grants and Contributions increased by \$63,987. This is mainly attributable to an increase of \$115,101 in federal law enforcement grants toward purchase of seven police vehicles plus radios, digital video mirrors and digital video flashlights, and a state grant for \$14,250 toward purchase of a street department asphalt repair machine. Offsetting these increases is a (19,114) decrease attributable to the prior year completion of the construction of the Range Road Corridor, and a decrease of (\$46,250) in State of Louisiana grant appropriations through Louisiana Legislature for a special needs kids park.
- Interest income decreased during the current fiscal year by (\$16,552). This decrease was mainly caused by the decrease in interest rates by the Federal Open Market Committee. This committee sets the Federal Reserve policy for the overnight bank lending rate, which raises the rate earned on invested funds. Of further note is a shift of investment dollars to public funds interest bearing checking accounts. The interest rate is maintained as of June 30, 2010 at an average of .79% for public funds interest bearing checking accounts versus .45% for reinvesting into certificates of deposit. Total dollars invested in certificates of deposit and public funds interest bearing checking accounts increased \$480,458.
- Miscellaneous Income decreased by (\$121,435). This net decrease in revenue resulted from a decrease of (\$364) from alcoholic beverage tax, a decrease of (\$180) from chain store taxes, a decrease of (\$15,989) from charitable gaming tax, a decrease of (\$3,489) from fire insurance commissions, an increase of \$15,769 from insurance premium rebates received from Louisiana Workers Compensation Corporation (LWCC), a decrease of (\$9,754) in royalty income due to drop in market value for a barrel of oil, a decrease of (\$200) in rental income, a decrease of (\$4,070) for prior fiscal year land donation of 2 lots located along Bay Street at appraised value, a decrease of (\$50,000) prior fiscal year donation from the Livingston Parish Tourist Bureau toward renovation cost of the old city hall building, a prior fiscal year net decrease of (\$1,967) from Keep Livingston Parish Beautiful Charitable Gaming Account toward landscaping cost of the old city hall building, a net decrease of (\$31,908) in donations from various fund raisers toward the cost of decorating old city hall with various furniture and fixtures, a decrease of (\$31,199) in prior fiscal year donation from the Denham Springs Pilot Club toward the construction cost of a special needs children park, an increase of \$22,975 in cemetery plots sales, and a decrease of (\$11,059) in miscellaneous income.



Total expenses from Governmental Activities decreased by (\$3,762,864) due to the following reasons:

- Total salaries charged to governmental activities decreased from \$5,318,151 to \$5,304,095 for a net decrease of (\$14,056) or 0.3%. This net decrease in salaries resulted from managing overtime cost, offset by the hiring of an additional fireman, three policemen and three street workers.
- Related payroll taxes and employee benefits charged to governmental activities increased from \$1,377,288 to \$1,458,235 for a net increase of \$80,947 or 6%. Key to this increase is the rising cost of employee health insurance premiums and employer contribution to employee retirement systems.
- General Government, other than salaries and benefits, increased \$116,655. General Provisions increased \$7,012, Cemetery department increased \$5,309 mainly due to a \$5,000 rate increase in the annual service contract, Tax department decreased (\$13,040) mainly due to reduced sales tax collection fees and legal and professional services, Ward Court increased \$147,773 mainly due to increased payments of \$150,000 toward the operation of the Ward II Marshall, Planning and Zoning department decreased (\$44,154) mainly due to across the board reduced operation expenditures, an increase of \$574 for contracted landscaping services, an increase of \$674 for Cemetery Care permanent fund, an increase of \$2,084 for special revenue fund – Witness Fee, depreciation expense decreased (\$6,777), the adjustment to compensated absences increased \$16,039, and an increase for motor pool income of \$1,161.
- Public Safety activities other than salaries and benefits decreased (\$40,320). Animal Control expenses decreased (\$1,321), Fire department expenses decreased (\$105,733), Police department expenses decreased (\$11,409), Litter Control expenses decreased (\$821) as this program was transferred to the Ward II Marshall, an increase in depreciation expense of \$44,635, an increase from loss on disposal of assets of \$14,264, an increase of \$3,052 in adjustment to compensated absences, and an increase for motor pool income of \$17,013.

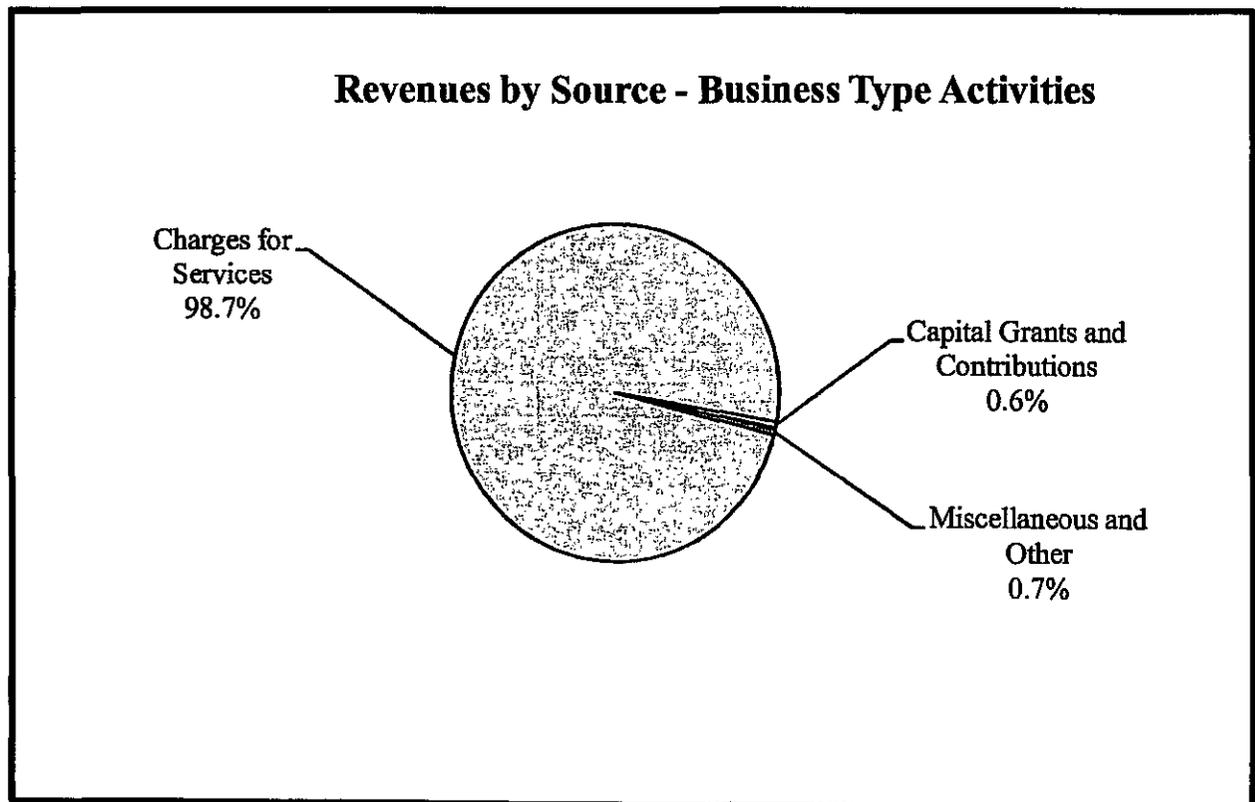
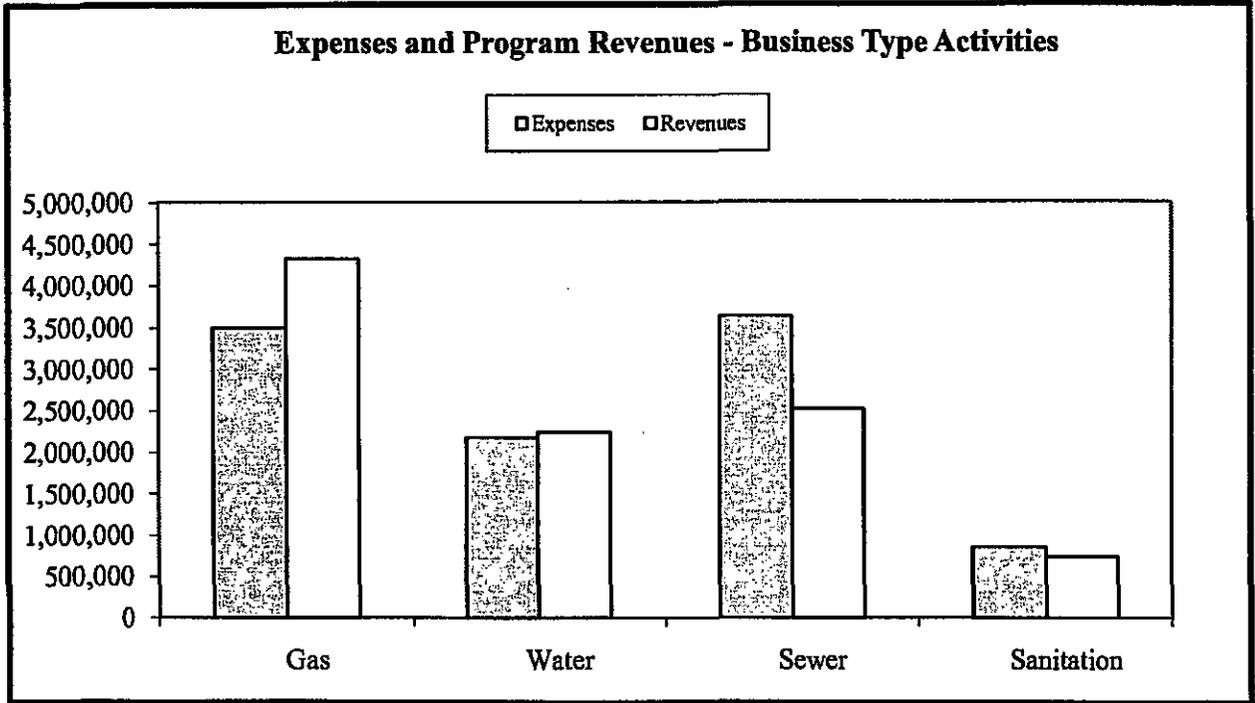
- Highways and Streets activities decreased (\$3,900,879). This decrease is mainly attributable to contracted Hurricane Gustav debris removal cost of (\$3,863,606), a decrease of (\$59,840) for Street department expenses, a Street department decrease of (\$3,862) for street lighting, increase of \$27,973 toward match for state funded capital projects, a decrease in depreciation expense of (\$2,319), a decrease of (\$9,080) in adjustment to compensated absences, and an increase of \$9,855 for motor pool income.
- Health activities decreased (\$8,979). Council on Aging building maintenance and electricity expense increased \$878 and Youth and Family Counseling building maintenance expenses decreased (\$90). These programs operate from City owned buildings in accordance with executed cooperative endeavor agreements. In addition a increase of \$149 in the cost of funding garbage collection at the Denham Springs Housing Authority units located at Eugene Street, a decrease of (\$1,000) toward the Baton Rouge Area Food Bank serving the citizens of Denham Springs, and a decrease of (\$8,916) in pest control expense for mosquito spraying. This program is now handled by the parish government mosquito program funded by a \$30 yearly assessment on City of Denham Springs residents.
- Culture and Recreation activities increased \$29,629. Support for the City's Main Street program (Antique District) increased \$9,133 mostly for tourist advertising, an increase of \$13,712 toward the operation and maintenance cost of the old city hall building as a tourist information center and museum plus the office supplies, printing, communication cost and other expenses required by the secretary staffing the renovated old city hall building, an increase of \$6,620 in depreciation expense for the recently renovated old city hall building and an increase of \$164 for an adjustment for compensated absences.
- Interest on Long-Term Debt decreased (\$25,861) as the City pays down the original debt amount of \$979,291 for financing a fire aerial truck and a fire pumper truck. See notes to financial statements for additional detail on this long-term debt.



Business-type activities. Business-type activities decreased the City of Denham Springs's net assets by (\$2,924,137) accounting for 91 percent of the total decrease in the government's net assets as compared to a prior fiscal year change (increase) in net assets of \$2,193,136 or 82 percent. Comparing the current fiscal year net asset change to the prior fiscal year net asset change results in an overall decrease of (\$5,117,273) in net assets. Key elements to this net decrease are documented below.

- Overall charges for services for business-type activities decreased (\$173,845) compared to prior fiscal year. Gas charges for services decreased (\$70,819), water charges for services decreased (\$20,781), sewer charges for services decreased (\$78,607) and sanitation charges for services decreased (\$3,638).
- Business-type activities expenses increased \$2,079,810.
 - Gas Department expenses decreased (\$153,381) compared to prior fiscal year. This is mainly due to a (\$261,179) lower natural gas fuel cost purchase price and a decrease of (\$917) from a prior year non-operating expense - miscellaneous, offset by an increase in direct expenses of \$46,168, excluding natural gas purchases, and an increase of \$62,547 in general and administrative expenses. Of note is increased depreciation expense of \$16,464, increased maintenance expense of \$43,490, increased office salaries and benefits of \$15,667, and increased insurance expense of \$48,499.
 - Water Department expenses increased \$572,692 compared to prior fiscal year. This is attributable to \$206,142 in direct expenses, an increase of \$28,025 in general and administrative expenses, and an increase of \$338,525 in non-operating expenses. Of note is increased depreciation expense of \$123,503, increased maintenance expense of \$114,763, increased insurance expense of \$15,729, increased professional fees of \$12,237, increased interest expense on bond issues of \$331,026 and increased amortization expense of \$7,499.
 - Sewer Department expenses increased \$1,649,946 compared to prior fiscal year. This is attributable to \$814,634 in direct expenses and an increase of \$843,567 for non-operating expenses, offset by a decrease of (\$8,255) in general and administrative expenses. Of note is increased depreciation expense of \$637,731, utility expense increase of \$80,010, maintenance expense of \$105,856, interest expense increase of \$840,393 and \$4,122 engineering fees responding to Louisiana Department of Environmental Quality (DEQ) inquiries regarding potential discharge impact to Grays Creek of adding Denham Springs Sewerage District No. 1 wastewater collection system.
 - Sanitation Department expenses increased \$10,553 compared to prior fiscal year. This is attributable to an increase of \$9,367 in direct expenses and an increase of \$1,186 in general and administrative expense. Of note is increased depreciation expense of \$890 and increased disposal contractor cost of \$8,437 resulting from a rate increase on September 1, 2008.
- Business-type program revenues – operating grants and contributions decreased (143,268). This is attributable to prior fiscal year receipt of Federal Emergency Management Agency (FEMA) reimbursements for Hurricane Gustav disaster expenses.
- Business-type program revenues – capital grants and contributions decreased (\$93,034). This is attributable to prior fiscal year receipt of (\$44,793) FEMA reimbursements for Hurricane Gustav damage to water department Brignac Street water tower, Carolyn Street water well, chlorination shed and surrounding chain link fence, and a drop in sewer impact fees of (\$48,241).
- Business-type activities miscellaneous income increased \$41,350 while interest income decreased by (\$15,959)

- Business-type activities special item of (\$2,652,707). During the current fiscal year, the City placed into service a new mechanical sewer treatment plant. This new plant was constructed with the proceeds of 2006 and 2008 utility revenue bonds. This caused the previous sewer treatment facility oxidation pond to be obsolete and no longer being used. This resulted in a write-down in the value of the asset of (\$2,652,707) as a special item.



Financial Analysis of the Government's Funds

As noted earlier, the City of Denham Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Denham Springs's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the City of Denham Springs's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Denham Springs's governmental funds reported combined ending fund balances of \$4,133,561, a decrease of (\$172,838) in comparison with the prior fiscal year. Approximately 83% of this total amount, \$3,415,745, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance \$717,816 is reserved to indicate that it is not available for new spending because it has already been committed to generate income to pay for the perpetual care of the municipal cemetery.

The general fund is the chief operating fund of the City of Denham Springs. At the end of the current fiscal year, total fund balance of the general fund of \$3,218,813 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Total fund balance and unreserved fund balance represents 31 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the City of Denham Springs' general fund decreased by (\$247,268), a decrease over the prior fiscal year net change in fund balance of (\$885,310). Key factors in this decrease are as follows:

- General fund revenue resulted in a net decrease of (\$4,372,768) compared to the prior fiscal year. Key factors to this net decrease are:
 - Decrease in taxes revenues of (\$732,854). Of note is decrease in cable television franchise tax of (\$7,131), a decrease in charitable gaming tax of (\$15,989), a decrease in electrical franchise taxes of (\$99,066) and a decrease in sales tax of (\$611,318) or 9% of prior fiscal year sales tax revenue.
 - Increase in licenses and permits of \$1,567.
 - Increase in fines and forfeits of \$283,787 or 60%, compared to prior fiscal year amount.
 - Decrease in interest income of (\$5,675).
 - Decrease in fees of (\$95,319). Of note is a decrease in animal adoption fees of (\$8,169) and a decrease in background check fees of (\$87,150). Background check services are currently being handled exclusively by the Louisiana State Police.
 - Decrease in intergovernmental revenue of (\$3,819,076). Of note is prior year receipt of (\$4,039,940) in FEMA Hurricane Gustav disaster grant money, offset by current fiscal year increase in public safety grants of \$206,614 and highway and street grant of \$14,250.
 - Decrease in miscellaneous revenue of (\$5,198).
- These revenues have been detailed in the governmental activities section above – pages 9-11. Key to future revenue growth will be economic stability of Livingston Parish and the southeastern portion of the State of Louisiana.

- General fund expenditures resulted in a net decrease of (\$4,560,349) compared to the prior fiscal year. Key factors in this net decrease are:
 - General government expenditures increased by \$18,633. Salaries decreased (\$37,940) or 5.0% and benefits decreased (\$12,806) or 6%, equipment purchased decreased (\$29,525), land purchase decreased (\$4,570), contracted cemetery services increased \$5,000, payments to component units- Ward II Marshall increased \$150,000 and a net decrease of (\$51,526) for all the other expenses.
 - Public Safety expenditures decreased (\$703,648). Salaries increased \$18,823 or 0.5%, benefits increased \$79,477 or 8.0%, equipment purchases decreased (\$682,664) mainly because prior fiscal year is when the fire ladder truck and fire pumper truck were purchased, and all other expenses netted a decrease of (\$119,284) or 9%.
 - Highways and Street expenditures decreased (\$3,852,216). Attributable to this decrease is salaries of (\$7,511) or 1.0% , benefits increased \$8,782 or 4.0%, decrease from prior fiscal year contracted debris cleanup cost from Hurricane Gustav of (\$3,863,606), equipment purchases increased \$73,821, equipment expense decreased (\$49,970), street maintenance and materials increased \$34,685, street lighting expense decreased (\$3,862) and all other expenses netted a decrease of (\$44,555).
 - Health activities decreased (\$8,979). Council on Aging building maintenance and electricity expense increased \$878, offset by a decrease of (\$90) for Youth and Family Counseling building maintenance expenses. These programs operate from City owned buildings in accordance with executed cooperative endeavor agreements. Denham Springs Housing Authority located at Eugene Street increased \$149 due to rate increase in contracted garbage collection service, food bank contribution decreased (\$1,000), pest control decreased (\$8,916) because of the mosquito program administered through parish government.
 - Culture and Recreation activities increased \$40,911. Key to this increase is the annualized cost from hiring a secretary to staff the old city hall building and the operational cost of the old city hall building operating as a tourist information center and museum, and an increase of \$9,133 promoting City of Denham Springs Main Street through brochures and advertisements.
 - Debt Service decreased (\$55,050). Payment of principal decreased (\$45,069) and payment of interest decreased (\$9,981). These decreases are attributable to the City paying off debt financing police cruisers and timely payment of debt financing a fire aerial truck and a fire pumper truck. Payment terms require five annual payments, with the second payment timely remitted on April 1, 2010.
- Pension and other post employment benefits – Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Municipal Police Employees Retirement System of Louisiana (MPERS), or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate State appointed board of trustees. The City of Denham Springs has no obligation in connection with employee benefits offered through these plans beyond its annual contractual payment to these State Pension Boards.
- Additional information on the City of Denham Springs' pension arrangements and post employment benefits can be found in Notes 11 and 12 in the notes to the financial statements.

- Of concern is the related retirement benefit enjoyed by City employees. The City continues to monitor the State administered retirement system employer rates. For this fiscal period the municipal employees rate stayed the same while Police and Fire rates increased as follows:

	<u>Prior Employer Rate</u>	<u>Current Employer Rate</u>	<u>Rate Increase</u>
Municipal Employees Retirement System of Louisiana	6.75%	6.75%	0.00%
Municipal Police Employees Retirement System of Louisiana	9.50%	11.00%	1.50%
Firefighters Retirement System of Louisiana	12.50%	14.00%	1.50%

Overall retirement cost increased \$76,320 for the fiscal year ended June 30, 2010. The net increases breaks down as follows:

	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Net Increase (Decrease)</u>
Municipal Employees Retirement System of Louisiana	\$ 223,192	\$ 221,409	\$ (1,783)
Municipal Police Employees Retirement System of Louisiana	154,283	186,958	32,675
Firefighters Retirement System Of Louisiana	<u>134,252</u>	<u>179,680</u>	<u>45,428</u>
Total	<u>\$ 511,727</u>	<u>\$ 588,047</u>	<u>\$ 76,320</u>

- Equipment purchases in the general fund decreased by (\$638,368) over the prior fiscal year. Significant to this decrease was the prior fiscal year purchase of a 2008 aerial truck and a 2008 pumper truck valued at \$1,031,677. Current fiscal year equipment purchases include two computers with monitors valued at \$2,900 for the planning and zoning department, the police department purchased a network backup system, six 2009 police cruisers, three 2010 Chevrolet Tahoe, two 2008 Harley Davidson motorcycles, radio, radar units, and digital video mirror and flashlight all valued at \$403,274 and the street department purchased a 2010 Ford F150 truck and radio for the truck, a commercial lawn mower, a crack sealer machine for asphalt streets, an ice machine, and a Tiger boom mower all valued at \$90,140. Total equipment purchases for the fiscal year were \$496,274 compared to the prior fiscal year purchases of \$1,134,642.
- Operating transfer-in from capital projects fund of \$4,991 for old city hall expenses and animal shelter repairs.
- Transfer-out to Capital Projects fund of (\$98,591) to fund Rushing road widening project.
- Proceeds from the issuance of debt decreased by (\$979,291) in the current fiscal year compared to the prior year proceeds from issuance of debt of \$979,291.

The debt service fund has a total unreserved fund balance of \$3,263, compared to a prior year unreserved fund balance of \$3,266. The increase is interest earned of \$3.

Proprietary funds. The City of Denham Springs' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Charges for services decreased (\$173,845). This is attributable to fuel cost adjustments, less volume of water sold affecting consumption amount billed for sewer revenue and more sanitation customer vacancies that were unbillable compared to previous fiscal year.

Operating expenses increased \$898,635. Key to this net increase is a decrease of (\$40,394) in personal services and benefits, an increase of \$52,908 in contractual services, a decrease of (\$261,179) in the cost of materials (natural gas), an increase of \$68,290 in utilities (mainly electricity cost), an increase of \$249,082 in repair and maintenance of gas, water and sewer systems, a decrease of (\$40,059) in supplies, a decrease of (\$14,800) for prior fiscal year DEQ compliance order payment, an increase of \$58,488 in insurance expense, an increase of \$778,587 in depreciation expense and a \$47,712 increase in bad debt expense.

Unrestricted net assets of the enterprise fund at the end of the year amounted to \$329,925. Key to this increase is payoff of construction contracts reducing accounts payable, pay-down of monies due to other funds, and timely payment of bond principal reducing long-term debt. Of note is that these construction contracts are for various water and wastewater projects funded through the issuance of 2006 and 2008 utility revenue bonds. The total decrease in net assets for the enterprise fund for the fiscal year ended June 30, 2010 is (\$2,920,432). The factors concerning the enterprise fund have already been addressed in the discussion of the City of Denham Springs' business-type activities.

The newly created Denham Springs Sewerage District No. 1 unrestricted net assets at the end of the year amounted to a negative (\$3,705). Interest from 2009 bond proceeds of \$417, offset by engineering fees of (\$4,122) responding to Louisiana Department of Environmental Quality (DEQ) inquiries as to the potential impact of treating additional wastewater anticipated to be delivered by the new sewer collection system to the City's wastewater treatment plant. This is predicated on the number of sewer customer hookups in the newly created Denham Springs Sewerage District No. 1.

General Fund Budgetary Highlights

Major differences between the original budget and the final amended budget of the General Fund are briefly summarized as follows:

Revenues:

Total final budgeted revenues were increased by \$101,824 over the original budget. Key to this increase is:

- Ad Valorem (Property) tax was increased by \$15,000 due to original conservative projection.
- Sales tax revenue was decreased by (\$388,407) due to the economic slowdown.
- Alcoholic beverage tax was increased \$4,000 based on current receipts and historical data.
- Electrical franchise tax was decreased by (\$94,555) due current receipts and historical data.
- Gaming tax is a recently enacted revenue source from operation of two video bingo parlors within the city limits. Based on prior and current fiscal year receipts, it was increased an additional \$44,500.
- Occupational license fee revenue was increased by \$4,000 due to the Bass Pro Development.
- Insurance license fee revenue increased \$7,000 based on current receipts and historical data.
- Other permits and license fee revenue increased \$1,700. Key to this net increase is increase in building permits of \$500, alcohol licenses increased \$4,805, amusement machine licenses increased \$470, server and seller permits increased \$700, fire dept. permits increased \$450, police dept. parade permits increased \$200, offset by decrease of (\$5,000) for inspection permits and (\$425) decrease in planning and zoning fees.

- Fines and forfeit revenue was increased \$206,699 based on current receipts.
- Interest income revenue was decreased (\$4,400). This decrease was based on the rapid decline in interest rates approved by the Federal Open Market Committee.
- Fees decreased (\$11,736). Background fees ceased to be a revenue source as of September 1, 2009. The Louisiana State Police has taken over this service.
- Intergovernmental revenue increased \$273,926. State law enforcement grant revenue was increased \$213,893, state supplemental pay for fire and police employees was increased \$45,783, and state grant for purchase of a crack sealant machine for asphalt streets was increased \$14,250.
- Miscellaneous income was increased \$44,097. Insurance premium rebate from Louisiana Workers Comp Corporation (LWCC) was increased \$15,910 based on actual receipt, oil royalties from BP America was increased \$5,000 based on current receipts and historical data, wreck reports was increased \$5,000 based on current receipts and historical data, and miscellaneous income was increased \$18,187 based on current receipts and historical data.

Expenditures:

Total budgeted appropriations were increased by \$739,890. General Government overall was increased \$2,265. Public Safety was increased \$408,925. Key to this increase was fire and police salaries and benefits, and police department equipment purchased with grant revenue. Highway and Streets was increased \$232,564. Key to this increase was salaries, benefits, equipment purchased, equipment expense, uniforms, and telephone expense. Health was decreased (\$9,565) based on current expenditures. Culture and Recreation increased \$8,470. Key to this increase was promotional cost of printing brochures and advertising the City as a tourist destination and the operational cost of the old city hall building. Debt service decreased (\$9,710). Lease-purchase of police cruisers through GMAC was paid out in prior fiscal year.

Other Financing Sources (Uses):

Total budgeted other financing sources (uses) – transfer to capital projects fund to pay for general fund infrastructure improvements was increased \$106,941.

Capital Asset and Debt Administration

Capital assets. The City of Denham Springs' investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$55,865,808 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and drainage. The total increase in the City of Denham Springs' investment in capital assets for the current fiscal year was 1.6% (a 0.4% percent decrease for governmental activities and a 2% percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following governmental activities:

- Construction in progress balance as of June 30, 2010 is \$153,466. Comprising this balance is the continuation of the Antique District parking lot overlay of \$10,039, Kidz Korner Playland special needs park of \$119,449, and Tate Road improvement project of \$23,978.
- Equipment purchases of the governmental funds have already been detailed on page 18.

Major capital asset events during the current fiscal year included the following business-type activities:

- Construction in progress of \$1,044,337 financed by a \$23,765,000 Utility Revenue Bond – 2006 series issued for the construction of new sewer treatment facility, two water wells, a 1 million gallon water tower, and water mains and hydrants within the city. Construction in progress projects as of June 30, 2010 are \$869,444 water well project, the \$8,721 renovation of Rushing Road sewer pump station, the \$137,373 deep sewer project, and \$28,799 sewer collection line project between Tate Road and Interstate 12 overpass at Pete’s highway.
- Construction in progress of \$111,743 financed by a \$9,100,000 Utility Revenue Bond issue – 2008 series. Construction in progress as of June 30, 2010 is the construction of a new sewer building.
- Construction in progress of \$42,596 was paid from the utility fund charges. Construction in progress as of June 30, 2010 are \$8,615 for extension of natural gas service to Juban Parc, \$2,945 for Florida and Plymouth sewer improvement project, and \$31,036 engineering fees for deep sewer project.
- Construction in progress of \$20,573 paid from sewer impact fee monies. Construction in progress as of June 30, 2010 is \$17,686 for sewer lift station pump upgrade and \$2,887 for sewer lift station renovations.
- Construction in progress as of June 30, 2010 of 1,979,099 is financed by a \$23,750,000 Utility Revenue Bond issue – 2009 series for the construction of a new sewer collection system within the newly created Denham Springs Sewerage District No. 1.
- The following is a list of completed projects placed in service during the current fiscal year:
 - Water Projects Inside City Limits
 - Hatchell Lane/Cockerham Road Water Rehab \$ 1,950,759
 - Mattie Street Water Rehab \$ 87,215
 - Water Projects Outside City Limits
 - 4H Club Road Water Main Line Expansion \$ 1,547,107
 - Water Well – Springhill Drive \$ 1,799,608
 - Water Tower – Springhill Drive \$ 2,869,010
 - Sewer Projects
 - Wastewater Treatment Plant \$21,286,336
 - Deep Sewer – Phase I \$ 231,993
 - Northside Baptist Church Lift Station Pump
Pump Upgrade \$ 13,225
 - Sewer Rehab Engineering Fees \$ 43,445
 - Pete’s Hwy. Lift Station Renovation \$ 276,245
 - Enterprise Lift Station Renovation \$ 11,692
- A portion of the Pete’s Hwy. Lift Station Renovation \$ 12,919
was paid from sewer impact fee money.
- Rushing Road water well pump station barricade \$ 42,855
was paid with utility fund money.
- Walgreens water line extension was paid with utility fund money. \$ 5,012
- Walgreens sewer line extension was paid with utility fund money. \$ 33,668
- Various sewer renovation projects was paid with utility fund money. \$ 18,258

- Water department purchased a storage building for chlorine at the Carolyn Street water well. \$ 9,970.
- Natural gas line relocations and expansion to new developments. \$ 122,174
- \$34,970 for water line expansion.
- Utility administration purchased a Hasler M8600 Folder/Inserter to process utility bills. \$ 27,177.
- Sewer department purchased three 2010 Ford F150 trucks. \$ 48,240.
- Gas department miscellaneous equipment. \$ 16,765.
- Sewer department purchased tables. \$ 2,380.
- Each of the below listed departments had \$182,773 in fully depreciated business-type equipment asset disposals as of June 30, 2010:
 - Utility administration disposed of assets classified as equipment totaling (\$67,573).
 - Gas department disposed of assets classified as equipment totaling (\$40,613).
 - Water department disposed of assets classified as equipment totaling (\$52,544).
 - Sewer department disposed of assets classified as equipment totaling (\$22,043).
- The City as noted above has constructed a \$22,564,230 mechanical wastewater treatment plant financed with the proceeds of revenue bonds. Upon utilization of this new sewer treatment facility the previous sewer treatment facility oxidation pond constructed for \$4,463,149 became obsolete and no longer being used. Since the oxidation pond was not fully depreciated the Utility Enterprise Fund wrote down the remaining value of the oxidation pond and recorded a loss of (\$2,652,707) as a special item.

Capital Assets
(Net of Accumulated Depreciation)
June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,222,026	\$ 1,222,026	\$ 189,666	\$ 189,666	\$ 1,411,692	\$ 1,411,692
Buildings and Improvements	2,645,010	2,775,678	370,510	372,536	3,015,520	3,148,214
Gas System	-	-	1,927,867	1,912,301	1,927,867	1,912,301
Water System	-	-	10,579,032	2,533,964	10,579,032	2,533,964
Sewer System	-	-	29,885,622	11,621,067	29,885,622	11,621,067
Machinery and Equipment	2,672,017	2,666,208	580,557	708,249	3,252,574	3,374,457
Infrastructure	2,441,684	2,612,111	-	-	2,441,684	2,612,111
Construction in Progress	153,466	112,488	3,198,351	28,245,041	3,351,817	28,357,529
Total	\$ 9,134,203	\$ 9,388,511	\$ 46,731,605	\$ 45,582,824	\$ 55,865,808	\$ 54,971,335

Additional information on the City of Denham Springs' capital assets can be found in note 8 of this report.

Long-term debt. At the end of the current fiscal year, the City of Denham Springs had total debt outstanding of \$55,644,623. Of this amount, \$628,394 comprises debt backed by the full faith and credit of the City. The remainder of the debt \$55,016,229 is secured by utility service charges and lawfully available funds. There are no general obligation bonds outstanding by the City of Denham Springs at June 30, 2010.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Obligations Under						
Capital Leases \$	628,394	\$ 857,125	\$ -	\$ -	\$ 628,394	\$ 857,125
Revenue Bonds	-	-	55,016,229	32,044,621	55,016,229	32,044,621
Total	\$ 628,394	\$ 857,125	\$ 55,016,229	\$ 32,044,621	\$ 55,644,623	\$ 32,901,746

During the current fiscal year, the City of Denham Springs' total debt increased by \$23,750,000 net of (\$161,030) for bond issuance discount. On November 1, 2009 the City of Denham Springs on behalf of the Denham Springs Sewerage District No. 1 issued a 2009 utility revenue bond for \$23,750,000. The proceeds from this issuance are for the construction of a sewer collection system within the Denham Springs Sewerage District No. 1. New sewer customer hookups within this newly created sewer district will pay for this infrastructure. On August 26, 2008 proceeds from a capital lease of \$979,291 financed the purchase of a fire aerial truck and a fire pumper truck. Offsetting this increase is the second principal payment of (\$185,622) timely remitted April 1, 2010. Also offsetting is the regular capital lease principal payments of (\$43,109) -- financing the purchase of seven police cruisers, and principal payments of (\$615,000) on the 2006 and 2008 Utility Fund Revenue Bonds plus bond premium amortization of (\$4,387) net of bond issuance discount of \$2,025.

Additional information on the City's long-term debt can be found in note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

- The revised June 2010 unemployment rate for the City of Denham Springs was 8.1 percent, which is an increase from a revised rate of 7.4 percent a year ago. This compares favorably to the state's revised average unemployment rate of 8.3 percent and compares favorably to the revised national average rate of 9.6 percent.
- The occupancy rate of the City's central business district has remained from 97-100 percent for the past several years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Denham Springs' budget for the 2011 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund is \$3,218,813. The City adopted a 2011 fiscal year general fund budget setting anticipated revenue of \$10,293,053 to equal appropriated expenditures of \$10,293,053.

- Budgeted general fund revenues anticipate a net increase of \$322,565 compared to the previous original adopted budget. Of note is the adoption of a net decrease in sales tax revenue of (\$208,417) compared to the previous fiscal year's original budget. The next paragraph details how budgeted city sales tax revenue was established for the fiscal year 2010 – 2011. Offsetting this decrease are net increases in other taxes of \$80,000, increases in licenses and permits of \$51,735, increases in fines and forfeits of \$301,047, but fees decreased (\$13,200) due to discontinuance of background check services, while intergovernmental revenue increased \$65,900, and miscellaneous income increased \$45,500.

The City of Denham Springs' general fund received for the fiscal year 2009-2010 approximately 62% of its revenues or \$6,310,540 from the 1½% general sales and use tax levied by the City of Denham Springs. Based on actual collections and the economic slowdown the City anticipates that its sales tax revenues for the budget year 2010-2011 to be approximately \$6,408,000. This is a conservative revenue estimate that is based on an average of sales tax collections for the fiscal years ended June 30, 2006 and 2007.

- The City adopted a 2011 fiscal year general fund appropriations budget increase of \$381,652. Key to this net increase is anticipated firefighter employee retirement system expenses of \$123,436 due to an employer rate increase from 14.0% to 21.5% and municipal police employee retirement system expenses of \$277,011 due to an employer rate increase from 11.0% to 25.0%. All other budgeted appropriations are a net decrease of (\$18,795).

Special revenue fund – witness fees 2011 fiscal year adopted revenue and appropriations budget remain the same as the original adopted budget for the previous fiscal year. This fund is self-supported through payment of ticket fines collected by the Ward II Court.

This financial report is designed to provide a general overview of the City of Denham Springs' finances for all those with an interest in the government's finances. Questions concerning any of this information provided in this report or requests for additional information should be addressed to the City Treasurer, c/o City of Denham Springs, P.O. Box 1629, Denham Springs, Louisiana 70727-1629.

BASIC FINANCIAL STATEMENTS

CITY OF DENHAM SPRINGS

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District
ASSETS						
Cash and Cash Equivalents	\$ 1,323,478	\$ 633	\$ 1,324,111	\$ 280,736	\$ 74,163	\$ 51
Investments	814,120	-	814,120	224,850	-	-
Receivables, Net	254,978	763,942	1,018,920	895	340	16,111
Due from Other Governments	1,020,509	271,190	1,291,699	-	465	490,033
Due from Component Unit	9,102	-	9,102	-	-	-
Internal Balances	1,426,408	(1,426,408)	-	-	-	-
Inventories	24,519	172,888	197,407	-	-	-
Prepaid Items	-	9,315	9,315	-	-	-
Restricted Assets:						
Cash	-	22,616,270	22,616,270	-	-	3,310,585
Investments	-	501,045	501,045	-	-	-
Receivable	-	602	602	-	-	698
Deferred Bond Issuance Costs	-	2,570,551	2,570,551	-	-	1,118,170
Capital Assets:						
Land and Construction in Progress	1,375,492	3,388,017	4,763,509	-	-	7,303,750
Other Capital Assets, Net of Depreciation	7,758,711	43,343,588	51,102,299	37,523	141,573	32,368,432
Total Assets	<u>\$ 14,007,317</u>	<u>\$ 72,211,633</u>	<u>\$ 86,218,950</u>	<u>\$ 544,004</u>	<u>\$ 216,541</u>	<u>\$ 44,607,830</u>
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 417,158	\$ 1,677,526	\$ 2,094,684	\$ 643	\$ 27,646	\$ 258,451
Deferred Revenue	50,000	-	50,000	-	-	-
Due to Primary Government	-	-	-	-	9,102	-
Non-Current Liabilities:						
Due Within One Year	390,368	685,307	1,075,675	10,226	14,591	635,000
Due in More Than One Year	961,122	54,522,362	55,483,484	-	28,992	47,546,608
Total Liabilities	1,818,648	56,885,195	58,703,843	10,869	80,331	48,440,059
NET ASSETS						
Investment in Capital Assets, Net of Related Debt	8,505,809	15,000,218	23,506,027	37,523	97,990	(1,235,585)
Restricted for:						
Cemetery Care:						
Nonexpendable	717,816	-	717,816	-	-	-
Unrestricted	2,965,044	326,220	3,291,264	495,612	38,220	(2,596,644)
Total Net Assets	12,188,669	15,326,438	27,515,107	533,135	136,210	(3,832,229)
Total Liabilities and Net Assets	<u>\$ 14,007,317</u>	<u>\$ 72,211,633</u>	<u>\$ 86,218,950</u>	<u>\$ 544,004</u>	<u>\$ 216,541</u>	<u>\$ 44,607,830</u>

The accompanying notes constitute an integral part of this statement.

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CITY OF DENHAM SPRINGS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 2,067,324	\$ -	\$ -	\$ 25,000
Public Safety	6,559,363	817,367	447,024	164,371
Highways and Streets	1,765,577	14,510	-	14,250
Health	78,210	-	-	-
Culture and Recreation	95,680	-	-	-
Interest on Long-Term Debt	38,190	-	-	-
Total Governmental Activities	10,604,344	831,877	447,024	203,621
Business-Type Activities:				
Gas	3,492,599	4,320,370	-	-
Water	2,173,325	2,240,377	-	-
Sewer	3,636,328	2,458,704	-	57,988
Sanitation	848,089	729,993	-	-
Total Business-Type Activities	10,150,341	9,749,444	-	57,988
Total Primary Government	\$ 20,754,685	\$ 10,581,321	\$ 447,024	\$ 261,609
Component Units:				
City Court of Denham Springs - Ward II	\$ 545,905	\$ 424,832	\$ 28,013	\$ -
Marshal of City Court of Denham Springs - Ward II	650,864	358,760	140,137	-
Denham Springs Economic Development District	2,803,229	60,367	-	-
Total Component Units	\$ 3,999,998	\$ 843,959	\$ 168,150	\$ -
General Revenues:				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Miscellaneous				
Interest Income				
Payments from the City of Denham Springs				
Transfers				
Special Item				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets (Deficit) - Beginning of Year				
Net Assets (Deficit) - End of Year				

The accompanying notes constitute an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District
\$ (2,042,324)	\$ -	\$ (2,042,324)	\$ -	\$ -	\$ -
(5,130,601)	-	(5,130,601)	-	-	-
(1,736,817)	-	(1,736,817)	-	-	-
(78,210)	-	(78,210)	-	-	-
(95,680)	-	(95,680)	-	-	-
(38,190)	-	(38,190)	-	-	-
(9,121,822)	-	(9,121,822)	-	-	-
-	827,771	827,771	-	-	-
-	67,052	67,052	-	-	-
-	(1,119,636)	(1,119,636)	-	-	-
-	(118,096)	(118,096)	-	-	-
-	(342,909)	(342,909)	-	-	-
(9,121,822)	(342,909)	(9,464,731)	-	-	-
-	-	-	(93,060)	-	-
-	-	-	-	(151,967)	-
-	-	-	-	-	(2,742,862)
-	-	-	(93,060)	(151,967)	(2,742,862)
206,395	-	206,395	-	-	-
6,310,540	-	6,310,540	-	-	2,525,298
983,098	-	983,098	-	-	-
764,639	-	764,639	-	-	-
551,082	57,330	608,412	5,775	25,779	-
12,102	14,149	26,251	8,732	173	8,427
-	-	-	46,860	219,893	-
-	-	-	-	-	-
-	(2,652,707)	(2,652,707)	-	-	-
8,827,856	(2,581,228)	6,246,628	61,367	245,845	2,533,725
(293,966)	(2,924,137)	(3,218,103)	(31,693)	93,878	(209,137)
12,482,635	18,250,575	30,733,210	564,828	42,332	(3,623,092)
\$ 12,188,669	\$ 15,326,438	\$ 27,515,107	\$ 533,135	\$ 136,210	\$ (3,832,229)

CITY OF DENHAM SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30 2010

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 486,171	\$ 551,570	\$ 1,037,741
Investments, at Cost	404,120	410,000	814,120
Receivables:			
Ad Valorem Taxes, Net	3,909	-	3,909
Other	247,717	3,352	251,069
Due from Other Funds	1,426,408	-	1,426,408
Due from Other Governments	1,018,813	-	1,018,813
Due from Component Units	9,102	-	9,102
Total Assets	<u>\$ 3,596,240</u>	<u>\$ 964,922</u>	<u>\$ 4,561,162</u>
LIABILITIES			
Accounts Payable	\$ 115,209	\$ 174	\$ 115,383
Payroll Taxes Payable	7,408	-	7,408
Retirement and Group Insurance Payable	80,558	-	80,558
Accrued Salaries and Wages	157,797	-	157,797
Due to Other Funds	-	-	-
Other Liabilities	16,454	-	16,454
Deferred Revenue	-	50,000	50,000
Total Liabilities	377,426	50,174	427,600
FUND BALANCES			
Fund Balances:			
Reserved for Cemetery Expenditures	-	717,816	717,816
Unreserved, Reported In			
General Fund	3,218,814	-	3,218,814
Capital Projects Fund	-	117,626	117,626
Debt Service Fund	-	3,266	3,266
Special Revenue Fund	-	76,040	76,040
Total Fund Balances	<u>3,218,814</u>	<u>914,748</u>	<u>4,133,562</u>
Total Liabilities and Fund Balances	<u>\$ 3,596,240</u>	<u>\$ 964,922</u>	<u>\$ 4,561,162</u>

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2010

Fund Balances-Total Governmental Funds		\$ 4,133,562
--	--	--------------

Amounts Reported for Governmental
Activities in the Statement of Net
Assets are Different Because:

Capital Assets Used in Governmental Activities
are not Financial Resources and are not
Reported in the Governmental Funds

Governmental Capital Assets	17,195,292	
Less Accumulated Depreciation	<u>(8,108,787)</u>	9,086,505

Long-Term Liabilities are not Due and
Payable in the Current Period and
Therefore are not Reported in the
Governmental Funds:

Compensated Absences Payable		(712,841)
Capital Lease Payable		(628,394)
Accrued Interest Payable on Capital Leases		(9,894)

The Motor Pool Internal Service Fund is Used by Management
to Charge the Cost of Vehicle Repairs to Individual
Funds. The Assets and Liabilities of the Internal
Service Fund are Included in Governmental
Activities in the Statement of Net Assets
Motor Pool Internal Service Fund Net Assets

319,731

Net Assets of Governmental Activities		<u>\$ 12,188,669</u>
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The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,648,359	\$ -	\$ 7,648,359
Licenses and Permits	983,098	-	983,098
Fines and Forfeits	757,852	-	757,852
Interest	5,873	6,061	11,934
Fees	23,785	31,490	55,275
Intergovernmental	655,638	25,000	680,638
Miscellaneous	135,228	37,826	173,054
Total Revenues	10,209,833	100,377	10,310,210
Expenditures:			
Current:			
General Government	1,942,628	22,432	1,965,060
Public Safety	6,444,581	-	6,444,581
Highways and Streets	1,557,264	-	1,557,264
Health	78,210	-	78,210
Culture and Recreation	70,903	-	70,903
Capital Outlay:			
General Government	-	17,000	17,000
Highways and Streets	-	80,115	80,115
Debt Service:			
Principal Retirement	228,731	-	228,731
Interest	41,183	-	41,183
Total Expenditures	10,363,500	119,547	10,483,047
Excess (Deficiency) of Revenues over Expenditures	(153,667)	(19,170)	(172,837)
Other Financing Sources (Uses):			
Transfers In	4,991	93,600	98,591
Transfers Out	(98,591)	-	(98,591)
Total Other Financing Sources (Uses)	(93,600)	93,600	-
Net Change in Fund Balances	(247,267)	74,430	(172,837)
Fund Balances at Beginning of Year	3,466,081	840,318	4,306,399
Fund Balances at End of Year	\$ 3,218,814	\$ 914,748	\$ 4,133,562

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (172,837)

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Governmental Funds Report Capital Outlays as Expenditures. However, in
the Statement of Activities, the Cost of Those Assets is Allocated Over
Their Estimated Useful Lives and Reported as Depreciation Expense.

Capital Outlay	537,252	
Depreciation Expense	<u>(783,189)</u>	
		(245,937)

Loss on Disposition of Capital Assets		(14,264)
---------------------------------------	--	----------

The Issuance of Long-Term Debt (e.g., bonds, leases) Provides Current Financial
Resources to Governmental Funds, While the Repayment of the Principal of
Long-Term Debt Consumes the Current Financial Resources of the Governmental
Funds. Neither Transaction, However, has any Effect on Net Assets.

Repayment of Principal on Long-Term Debt	228,731
Accrued Interest Payable on Capital Lease	2,993

Some Expenses Reported in the Statement of Activities do not Require the
use of Current Financial Resources and are not Reported as Expenditures
in Governmental Funds.

Increase in Compensated Absences Payable	(95,442)
--	----------

Internal Service Funds are Used by Management to Charge the Costs of
Certain Activities to Individual Funds. The Net Revenue (Expense) of
the Internal Service Fund is Reported with Governmental Activities.

2,790

Change in Net Assets of Governmental Activities	<u>\$ (293,966)</u>
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The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 190,000	\$ 205,000	\$ 206,395	\$ 1,395
Alcoholic Beverage Tax	23,000	27,000	27,090	90
Cable TV Franchise Tax	170,000	170,000	163,949	(6,051)
Chain Store Tax	23,515	23,515	23,375	(140)
Charitable Gaming Tax	280,000	324,500	316,320	(8,180)
Electrical Franchise Taxes	705,000	610,445	599,045	(11,400)
Sales Taxes	6,616,417	6,228,010	6,310,540	82,530
Wrecker Franchise Tax	1,645	1,645	1,645	-
	<u>8,009,577</u>	<u>7,590,115</u>	<u>7,648,359</u>	<u>58,244</u>
Licenses and Permits:				
Occupational Licenses	848,000	859,000	882,667	23,667
Other Permits and Licenses	95,505	97,205	100,431	3,226
	<u>943,505</u>	<u>956,205</u>	<u>983,098</u>	<u>26,893</u>
Fines and Forfeits:				
Ward II Court	439,936	646,635	677,847	31,212
Forfeiture Funds	2,000	2,000	80,005	78,005
	<u>441,936</u>	<u>648,635</u>	<u>757,852</u>	<u>109,217</u>
Interest Income	8,000	3,600	5,873	2,273
Fees:				
Animal Adoption Fees	16,000	16,000	7,811	(8,189)
Background Check Fees	13,200	1,464	1,464	-
Road Maintenance Fees	14,150	14,150	14,510	360
	<u>43,350</u>	<u>31,614</u>	<u>23,785</u>	<u>(7,829)</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental:				
Federal Government:				
Law Enforcement Grants	16,000	16,000	177,808	161,808
State Government:				
Fire Insurance Commissions	30,000	30,000	29,993	(7)
Law Enforcement Grants	95,000	308,893	79,654	(229,239)
On Behalf Payments for Salaries	311,100	356,883	353,933	(2,950)
Other Grant Revenue	-	14,250	14,250	-
	<u>452,100</u>	<u>726,026</u>	<u>655,638</u>	<u>(70,388)</u>
Miscellaneous:				
Insurance Premium Rebate	10,000	25,910	25,910	-
Royalties	25,000	30,000	32,032	2,032
Wreck Reports	12,000	17,000	18,750	1,750
Rent Income	320	320	125	(195)
Miscellaneous	24,700	42,887	58,411	15,524
	<u>72,020</u>	<u>116,117</u>	<u>135,228</u>	<u>19,111</u>
Total Revenues	<u>9,970,488</u>	<u>10,072,312</u>	<u>10,209,833</u>	<u>137,521</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
General Government:				
General Provisions:				
Salaries	509,767	514,799	484,281	30,518
Council Per Diems	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	130,658	124,228	125,020	(792)
Chamber of Commerce	10,000	10,000	10,000	-
Insurance	37,153	33,553	24,638	8,915
Legal and Professional	52,100	45,510	49,707	(4,197)
Membership Fees and Educational Training	15,000	20,000	20,560	(560)
Miscellaneous	55,581	72,426	74,686	(2,260)
Printing, Postage and Office Supplies	56,000	56,000	59,798	(3,798)
Rental Equipment	7,000	5,500	5,083	417
Repairs and Maintenance	51,500	43,250	40,327	2,923
Small Tools and Supplies	3,500	4,000	4,256	(256)
Telephone	40,000	48,121	51,393	(3,272)
Travel	25,000	34,200	35,282	(1,082)
Utilities	31,700	30,945	31,651	(706)
Total General Provisions	<u>1,084,959</u>	<u>1,102,532</u>	<u>1,076,682</u>	<u>25,850</u>
Cemetery:				
Contracted Services	50,000	55,000	55,000	-
Insurance	500	500	3,817	(3,317)
Miscellaneous	300	300	256	44
Total Cemetery	<u>50,800</u>	<u>55,800</u>	<u>59,073</u>	<u>(3,273)</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
General Government (Continued):				
Tax:				
Salaries	56,241	56,241	50,961	5,280
Payroll Taxes, Retirement, and Group Insurance	12,720	12,841	12,298	543
Collection Fees	116,771	112,170	110,957	1,213
Equipment Expense	1,500	1,507	1,507	-
Insurance	1,867	1,867	982	885
Legal and Professional	5,000	3,500	1,813	1,687
Miscellaneous	3,550	2,834	1,030	1,804
Printing, Postage and Office Supplies	4,950	4,550	3,636	914
Small Tools and Supplies	1,000	2,115	1,354	761
Tax Roll	5,125	4,955	4,955	-
Total Tax	208,724	202,580	189,493	13,087
Ward Court:				
Salaries	51,550	51,550	51,550	-
Payroll Taxes, Retirement, and Group Insurance	21,549	21,106	20,245	861
Additional Court Costs	22,696	36,720	719	36,001
Building Maintenance	17,210	8,500	3,299	5,201
Insurance	1,452	352	220	132
Legal and Professional	8,465	8,465	8,462	3
Payments to Component Units	233,071	233,071	266,753	(33,682)
Utilities	2,150	1,700	1,178	522
Total Ward Court	358,143	361,464	352,426	9,038

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Planning and Zoning:				
Salaries	134,369	134,369	130,705	3,664
Payroll Taxes, Retirement, and Group Insurance	37,751	37,751	34,711	3,040
Demolition Expense	20,000	10,000	776	9,224
Equipment Purchased	5,000	5,000	2,900	2,100
Inspections	10,000	2,500	4,332	(1,832)
Insurance	10,488	8,900	5,791	3,109
Legal and Professional	13,000	20,500	22,038	(1,538)
Miscellaneous	15,700	14,484	11,427	3,057
Printing, Postage and Office Supplies	12,825	6,825	3,356	3,469
Repairs and Maintenance	750	-	-	-
Small Tools and Supplies	1,750	3,750	1,828	1,922
Vehicle Expense	5,000	5,000	320	4,680
Total Planning and Zoning	266,633	249,079	218,184	30,895
Landscaping:				
Contracted Services	50,500	50,500	46,686	3,814
Miscellaneous	-	69	84	(15)
Total Landscaping	50,500	50,569	46,770	3,799
Total General Government	2,019,759	2,022,024	1,942,628	79,396

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Animal Control:				
Salaries	231,937	231,937	234,095	(2,158)
Payroll Taxes, Retirement, and Group Insurance	26,311	26,311	25,507	804
Animal Care Expense	47,640	47,640	72,265	(24,625)
Equipment Expense	4,500	5,956	7,005	(1,049)
Insurance	11,234	11,234	8,273	2,961
Miscellaneous	14,500	14,377	21,078	(6,701)
Small Tools and Supplies	2,000	2,532	3,031	(499)
Telephone	2,000	2,500	2,596	(96)
Utilities	14,400	13,450	13,818	(368)
Total Animal Control	354,522	355,937	387,668	(31,731)
Fire:				
Salaries	1,312,505	1,378,679	1,365,991	12,688
Payroll Taxes, Retirement, and Group Insurance	417,341	438,122	437,822	300
Legal and Professional	16,000	11,500	10,589	911
Equipment Purchased	7,500	-	-	-
Equipment Expense	51,000	49,295	60,755	(11,460)
Insurance	158,670	151,670	134,423	17,247
Membership Fees and Educational Training	39,000	28,500	20,114	8,386
Miscellaneous	17,850	9,350	4,009	5,341
Printing, Postage and Office Supplies	6,900	3,850	6,734	(2,884)
Repairs and Maintenance	18,000	18,000	19,135	(1,135)
Small Tools and Supplies	50,500	31,500	17,862	13,638
Telephone	30,000	25,000	22,737	2,263
Uniforms	19,600	14,000	9,986	4,014
Utilities	27,500	28,700	28,791	(91)
Total Fire	2,172,366	2,188,166	2,138,948	49,218

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Safety (Continued):				
Police:				
Salaries	2,137,535	2,267,496	2,238,319	29,177
Payroll Taxes, Retirement, and Group Insurance	585,166	591,384	584,006	7,378
Equipment Purchased	88,100	308,883	403,270	(94,387)
Equipment Expense	153,200	160,500	209,611	(49,111)
Equipment Rental	9,330	10,500	11,328	(828)
Insurance	209,264	204,851	169,501	35,350
Jail Expense	1,000	1,000	65	935
Membership Fees and Educational Training	15,000	15,000	12,628	2,372
Miscellaneous	23,600	30,828	36,762	(5,934)
Printing, Postage and Office Supplies	17,500	56,500	51,950	4,550
Professional Fees	21,500	14,000	13,302	698
Repairs and Maintenance	108,500	97,433	29,151	68,282
Small Tools and Supplies	23,000	13,000	7,406	5,594
Telephone	60,000	83,530	89,190	(5,660)
Uniforms	24,500	24,500	24,093	407
Utilities	56,800	46,300	37,383	8,917
Total Police	<u>3,533,995</u>	<u>3,925,705</u>	<u>3,917,965</u>	<u>7,740</u>
Total Public Safety	<u>6,060,883</u>	<u>6,469,808</u>	<u>6,444,581</u>	<u>25,227</u>
Highway and Streets:				
Streets:				
Salaries	628,337	731,243	725,909	5,334
Payroll Taxes, Retirement, and Group Insurance	187,931	210,908	210,075	833
Contract Services	-	-	3,375	(3,375)
Equipment Purchased	-	82,704	90,104	(7,400)
Equipment Expense	116,300	131,500	147,924	(16,424)

(CONTINUED)

CITY OF DENHAM SPRINGS
GENERAL FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Highway and Streets (Continued):				
Streets:				
Equipment Rental	9,500	9,500	6,535	2,965
Insurance	82,434	92,151	62,051	30,100
Uniforms	7,500	12,000	12,727	(727)
Legal and Professional	1,000	2,000	1,544	456
Streets Maintenance and Materials	181,500	185,500	150,192	35,308
Membership Fees and Educational Training	1,000	200	172	28
Miscellaneous	17,080	19,742	12,488	7,254
Small Tools and Supplies	8,000	9,273	7,191	2,082
Telephone	5,500	10,500	10,012	488
Utilities	12,100	7,525	6,465	1,060
Total Streets	1,258,182	1,504,746	1,446,764	57,982
Lighting:				
Utilities	124,000	110,000	110,500	(500)
Total Lighting	124,000	110,000	110,500	(500)
Total Highways and Streets	1,382,182	1,614,746	1,557,264	57,482
Health:				
Council on Aging	53,896	49,556	46,613	2,943
Denham Springs Housing Authority	11,601	11,720	11,720	-
Pest Control	15,000	11,456	1,523	9,933
West Livingston Park	1,800	-	-	-
Youth and Family Counseling	21,900	21,900	18,354	3,546
Total Health	104,197	94,632	78,210	16,422

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Culture and Recreation:				
Salaries	24,231	24,231	22,284	1,947
Payroll Taxes, Retirement, and Group Insurance	9,832	9,826	8,551	1,275
Committee Expenses	-	1,500	1,500	-
Equipment Rental	280	-	-	-
Insurance	2,410	2,410	2,358	52
Legal and Professional	3,800	4,642	3,576	1,066
Membership Fees and Educational Training	1,500	1,614	1,526	88
Repairs and Maintenance	6,700	10,414	15,870	(5,456)
Printing, Postage and Office Supplies	7,400	9,957	6,818	3,139
Telephone	4,200	3,500	3,196	304
Travel	1,500	-	-	-
Utilities	2,903	5,132	5,224	(92)
	<hr/>			
Total Culture and Recreation	64,756	73,226	70,903	2,323
<hr/>				
Debt Service:				
Principal Retirement	279,624	269,914	228,731	41,183
Interest	-	-	41,183	(41,183)
	<hr/>			
Total Debt Service	279,624	269,914	269,914	-
<hr/>				
Total Expenditures	9,911,401	10,544,350	10,363,500	180,850

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	59,087	(472,038)	(153,667)	318,371
Other Financing Sources (Uses):				
Operating Transfers In	-	-	4,991	4,991
Operating Transfers Out	-	(106,941)	(98,591)	8,350
Total Other Financing Sources (Uses)	-	(106,941)	(93,600)	13,341
Net Change in Fund Balance	59,087	(578,979)	(247,267)	331,712
Fund Balance at Beginning of Year	3,466,081	3,466,081	3,466,081	-
Fund Balance at End of Year	<u>\$ 3,525,168</u>	<u>\$ 2,887,102</u>	<u>\$ 3,218,814</u>	<u>\$ 331,712</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS**

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Business-Type Activities -			Governmental Activities - Motor Pool Internal Service Fund
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	
Current Assets:				
Cash and Cash Equivalents	\$ 500	\$ 133	\$ 633	\$ 285,737
Restricted Assets:				
Cash for Customer Deposits	335,965	-	335,965	-
Revenue Bond Covenant Accounts	502,542	1,119,790	1,622,332	-
Revenue Bond Construction Account	1,179,262	19,478,711	20,657,973	-
Certificate of Deposit - Customer Deposit Account (Maturity Greater Than 90 Days)	501,045	-	501,045	-
Accrued Interest Receivable	8	594	602	-
	<u>2,518,822</u>	<u>20,599,095</u>	<u>23,117,917</u>	<u>-</u>
Receivables:				
Accounts (Net of Allowance for Uncollectible Accounts of \$146,000)	304,642	-	304,642	-
Due from Other Governments	271,190	-	271,190	1,696
Accrued Interest Receivable	2,927	-	2,927	-
Unbilled Utility Sales	456,373	-	456,373	-
	<u>1,035,132</u>	<u>-</u>	<u>1,035,132</u>	<u>1,696</u>
Inventory, at Cost	172,888	-	172,888	24,519
Due from Other Funds	4,121	-	4,121	-
Prepaid Expenses	9,315	-	9,315	-
Total Current Assets	<u>3,740,778</u>	<u>20,599,228</u>	<u>24,340,006</u>	<u>311,952</u>
Noncurrent Assets:				
Deferred Bond Issuance Costs	1,438,804	1,131,747	2,570,551	-
Capital Assets:				
Land and Construction in Progress	1,408,918	1,979,099	3,388,017	-
Other Capital Assets, at Cost (Net of Accumulated Depreciation)	43,343,588	-	43,343,588	47,698
Total Noncurrent Assets	<u>46,191,310</u>	<u>3,110,846</u>	<u>49,302,156</u>	<u>47,698</u>
Total Assets	<u>\$ 49,932,088</u>	<u>\$ 23,710,074</u>	<u>\$ 73,642,162</u>	<u>\$ 359,650</u>

The accompanying notes constitute an integral part of this statement.

	Business-Type Activities -			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
Current Liabilities				
(Payable from Current Assets):				
Accounts Payable	\$ 538,689	\$ 27,682	\$ 566,371	\$ 26,772
Accrued Salaries and Wages	64,094	-	64,094	-
Accumulated Unpaid Vacation	47,859	-	47,859	2,564
Customers' Deposits	833,193	-	833,193	-
Bonds Payable - Current Portion	637,448	-	637,448	-
Other Current Liabilities	6,762	-	6,762	2,892
Due To Other Funds	1,426,408	4,121	1,430,529	-
Accrued Bond Interest	114,100	93,006	207,106	-
Total Current Liabilities	3,668,553	124,809	3,793,362	32,228
Noncurrent Liabilities:				
Accumulated Unpaid Vacation	143,579	-	143,579	7,691
Bonds Payable (Net of Unamortized Bond Premium or Discount)	30,789,813	23,588,970	54,378,783	-
Total Noncurrent Liabilities	30,933,392	23,588,970	54,522,362	7,691
Total Liabilities	34,601,945	23,713,779	58,315,724	39,919
Net Assets:				
Invested in Capital Assets, Net of Related Debt	15,000,218	-	15,000,218	47,698
Unrestricted	329,925	(3,705)	326,220	272,033
Total Net Assets	15,330,143	(3,705)	15,326,438	319,731
Total Liabilities and Net Assets	\$ 49,932,088	\$ 23,710,074	\$ 73,642,162	\$ 359,650

CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities -			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
Operating Revenues:				
Charges for Services	\$ 9,749,444	\$ -	\$ 9,749,444	\$ 602,106
Total Operating Revenues	9,749,444	-	9,749,444	602,106
Operating Expenses:				
Personal Services and Benefits	2,536,249	-	2,536,249	112,006
Contractual Services	1,151,419	-	1,151,419	595
Cost of Materials	1,784,247	-	1,784,247	455,958
Utilities	458,668	-	458,668	5,168
Repair and Maintenance	852,128	-	852,128	5,536
Supplies	223,173	-	223,173	5,429
Insurance	219,919	-	219,919	7,509
Depreciation	1,627,547	-	1,627,547	9,743
Bad Debts	90,712	-	90,712	-
Total Operating Expenses	8,944,062	-	8,944,062	601,944
Operating Income	805,382	-	805,382	162
Nonoperating Revenues:				
Interest	9,346	417	9,763	168
Amortization of Bond Premium	4,386	-	4,386	-
Miscellaneous	57,330	-	57,330	2,460
Total Nonoperating Revenues	71,062	417	71,479	2,628
Nonoperating Expenses:				
Interest	1,171,419	-	1,171,419	-
Amortization of Bond Costs	28,713	-	28,713	-
Amortization of Bond Discount	2,025	-	2,025	-
Miscellaneous	-	4,122	4,122	-
Total Nonoperating Expenses	1,202,157	4,122	1,206,279	-
Income (Loss) Before Contributions and Special Item	(325,713)	(3,705)	(329,418)	2,790
Capital Contributions	57,988	-	57,988	-
Special Item	(2,652,707)	-	(2,652,707)	-
Change in Net Assets	(2,920,432)	(3,705)	(2,924,137)	2,790
Total Net Assets at Beginning of Year	18,250,575	-	18,250,575	316,941
Total Net Assets at End of Year	\$ 15,330,143	\$ (3,705)	\$ 15,326,438	\$ 319,731

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities -</u>			Governmental
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Activities - Motor Pool Internal Service Fund
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 9,784,176	\$ -	\$ 9,784,176	\$ 602,106
Cash Payments to Suppliers for Goods and Services	(4,721,161)	-	(4,721,161)	(487,753)
Cash Payments to Employees for Services and Benefits	(2,520,090)	-	(2,520,090)	(108,007)
Other Receipts (Payments)	(690,602)	(22,358)	(712,960)	(130,603)
Net Cash Provided by (Used in) Operating Activities	1,852,323	(22,358)	1,829,965	(124,257)
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(4,798,366)	(1,244,334)	(6,042,700)	(15,636)
Interest Income Received on Bond Proceeds Capitalized	1,144	2,920	4,064	-
Interest Expense Paid that was Capitalized	(206,721)	(595,234)	(801,955)	-
Interest Expense Paid on Bonds Not Capitalized	(1,173,332)	-	(1,173,332)	-
Proceeds from Issuance of Debt	-	22,457,223	22,457,223	-
Principal Paid on Revenue Bonds	(615,000)	-	(615,000)	-
Net Receipts from Customer Deposits	30,238	-	30,238	-
Capital Contributions	57,988	-	57,988	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(6,704,049)	20,620,575	13,916,526	(15,636)
Cash Flows From Investing Activities:				
Proceeds from Sales and Maturity of Investments	305,000	-	305,000	-
Interest Income Received	19,328	417	19,745	168
Net Cash Provided by Investing Activities	324,328	417	324,745	168
Net Increase (Decrease) in Cash and Cash Equivalents	(4,527,398)	20,598,634	16,071,236	(139,725)
Cash and Cash Equivalents - Beginning of Year	6,545,667	-	6,545,667	425,462
Cash and Cash Equivalents - End of Year	\$ 2,018,269	\$ 20,598,634	\$ 22,616,903	\$ 285,737
Schedule of Noncash Investing, Capital and Financing Activities:				
Amortization of Deferred Bond Expense	\$ 28,713	\$ -	\$ 28,713	\$ -
Amortization of Bond Premium and Discount (Net)	\$ (2,361)	\$ -	\$ (2,361)	\$ -

(CONTINUED)

CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities -			Governmental Activities - Motor Pool Internal Service Fund
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Operating Income	\$ 805,382	\$ -	\$ 805,382	\$ 162
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used In) Operating Activities:				
Depreciation	1,627,547	-	1,627,547	9,743
Provision for Bad Debts	90,712	-	90,712	-
Miscellaneous Revenues	57,330	-	57,330	2,460
Miscellaneous Expenses	-	(4,122)	(4,122)	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(42,325)	-	(42,325)	-
(Increase) Decrease in Other Receivables	(83,129)	-	(83,129)	-
(Increase) Decrease in Unbilled Utility Sales	160,186	-	160,186	-
(Increase) Decrease in Due from Other Funds	1,120,639	-	1,120,639	-
(Increase) Decrease in Inventory	12,588	-	12,588	(12,369)
(Increase) Decrease in Prepaid Expenses	3,744	-	3,744	-
Increase (Decrease) in Accounts Payable - Trade	(39,069)	-	(39,069)	2,476
Increase (Decrease) in Accrued Salaries and Wages	16,166	-	16,166	-
Increase (Decrease) in Other Current Liabilities	(8,870)	-	(8,870)	2,335
Increase (Decrease) in Due To Other Funds	(1,868,571)	(18,236)	(1,886,807)	(133,063)
Increase (Decrease) in Accumulated Unpaid Vacation	(7)	-	(7)	3,999
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,852,323</u>	<u>\$ (22,358)</u>	<u>\$ 1,829,965</u>	<u>\$ (124,257)</u>

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010

(1) Summary of Significant Accounting Policies -

A. Financial Reporting Entity

The City of Denham Springs "the City" was incorporated May 8, 1903, under the provisions of R.S. 33:321-48. The City operates under a Mayor - City Council form of government and provides the following services as authorized by its charter: public safety (police, animal control, and fire), highways and streets, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Denham Springs, Louisiana, and its component units, entities for which the City of Denham Springs is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Each discretely presented component unit has a June 30, 2010 year end.

The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and the City Council), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Denham Springs (the primary government) and its component units. Based on the criteria above, the City of Denham Springs has included the following component units in the financial reporting entity:

BLENDDED COMPONENT UNIT

The City of Denham Springs created the Denham Springs Sewer District No. 1 on January 26, 2009, under the authority of Louisiana Revised Statute 33:3911 et. seq. The Denham Springs Sewer District No. 1 is a separate legal entity and is governed by the Mayor and the City Council of the City of Denham Springs and is reported as a proprietary fund in the basic financial statements of the City of Denham Springs. The purpose of the Sewer District is to install sewer infrastructure into unincorporated areas of Livingston Parish and within the designated boundaries of the District, to provide sewer services to residence of the area, and to set rates and collect sewer fees once the system is installed. The Sewer District will connect into the City of Denham Springs sewer treatment facility once the infrastructure is installed.

DISCRETELY PRESENTED COMPONENT UNITS

Component units that are legally separate from the City but are financially accountable to the City, or whose relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete are discretely presented. The component units column of the government-wide financial statements include the financial data of these discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the City.

Funding for the following state constitutionally defined agencies is included in the City's general fund. These officials however, have certain statutorily defined sources of funds for their own operating and/or capital budget discretion. These funds have been discretely presented in the City's government-wide financial statements:

City Court of Denham Springs - Ward II - The Judge of the Court is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the City Court in that the City is required to provide the City Court office facilities and the City pays a portion of the Judge's compensation, and reimburses the

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Court for certain other salaries and benefits. The City Court has jurisdiction over all violations of City Ordinances and State misdemeanor cases. The jurisdiction includes the incorporated area of the City of Denham Springs and Ward Two of Livingston Parish. The City has the ability to modify or approve their budget which comes from the General Fund. There are certain funds collected by the City Court, pursuant to state statute, which are under the control of the courts. The City's government-wide financial statements discretely presents the City Court of Denham Springs - Ward II's financial statements for the year ended June 30, 2010.

Marshal of City Court of Denham Springs - Ward II - The Marshal is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the Marshal in that the City is required to provide the Marshal's office facilities, and reimburses the Marshal's office for certain other salaries and benefits. The Marshal of the City Court of Denham Springs has the power of a sheriff in the execution of the Court's orders and mandates in making requests and preserving the peace. The City has the ability to modify or approve the budget which comes from the General Fund. The Marshal serves the citizenry of the City of Denham Springs and Ward Two of Livingston Parish. The City's government-wide financial statements discretely presents the Marshal's financial statements for the year ended June 30, 2010.

In addition to the state constitutionally defined agencies included above, the City created the Denham Springs Economic Development District which created a Louisiana nonprofit corporation, the Denham Springs Economic Development Corporation, to assist the City in the creation of economic development, to improve employment and to otherwise improve the economic condition of the City of Denham Springs and surrounding areas.

Denham Springs Economic Development District - The Denham Springs Economic Development District ("the District") was created by an ordinance of the City Council of the City of Denham Springs on December 9, 2003, pursuant to the Louisiana Cooperative Economic Development Law. A board of five members is provided by law. The District encompasses approximately 75 acres within the City of Denham Springs.

The purpose of the District is to secure Sales Tax Increment Revenue bonds to be issued to provide funds for the construction of infrastructure improvements and acquiring, constructing and equipping the Bass Pro retail outlet and restaurant and ancillary items within the District. The District issued Sales Tax Increment Revenue Bonds Series 2007 A, B, and C dated March 1, 2007 in the total amount of \$41,540,000 and issued Sales Tax Increment Revenue Bonds Series 2008 dated May 27, 2008 in the amount of \$8,460,000. The proceeds were used for the purchase of 24 acres within the 75 acre District and for the construction of the "Bass Pro Shops" project and infrastructure. The bonds will be repaid from sales tax revenues generated by developments within the

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

District. Collateral for the bonds is limited to the prospective developments and the City of Denham Springs has no liability for these bonds or for the debt service of these bonds.

Because of the required cooperation from each of and the sales tax revenues to be given up by each of the following governmental entities,

City of Denham Springs
Livingston Parish School Board
Livingston Parish Council
Livingston Parish Sheriff
Livingston Parish Gravity Drainage District #1
State of Louisiana

the District created the Denham Springs Economic Development Corporation on February 14, 2004. The Corporation's Board is composed of five members recommended by the City of Denham Springs, two members recommended by the Livingston Parish School Board, one member recommended by the Livingston Parish Council, and one member recommended by the Livingston Parish Sheriff for a total of nine members. The corporation is a private nonprofit corporation created pursuant to the Louisiana Nonprofit Corporation Law (Chapter 2 of Title 12 of the Louisiana Revised Statutes) and has been assigned the responsibilities to oversee, supervise and approve the construction of infrastructure improvements and acquiring, constructing, and equipping the Bass Pro retail outlet and restaurant and ancillary items. Ownership of the 24 acres, facilities and infrastructure remains with the District. There was no financial activity within this corporation prior to March of 2007.

The Denham Springs Economic Development Corporation has been included in the financial statements of the Denham Springs Economic Development District as a blended component unit, and the Denham Springs Economic Development District has been included in the City's government-wide financial statements as a discretely presented component unit for the year ended June 30, 2010.

RELATED ORGANIZATIONS

City officials are also responsible for appointing members of the board of another organization. The City's accountability does not extend beyond making the appointments.

Denham Springs Housing Authority - The Denham Springs Housing Authority is a legally separate government entity formed to administer housing programs funded by the U.S. Department of Housing and Urban Development (HUD). The City governing authority appoints a majority of the Authority's members; however, there is no financial relationship between the Authority and the primary government.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

The Denham Springs Parks and Recreation District #3 of Livingston Parish is a related organization of the City, however the City officials have no responsibility for the District. The District does however include the geographic area of the City.

Denham Springs Parks and Recreation District (PARD) - PARD is a legally separate parish agency that provides parks and recreational services to the residents of Livingston Parish District #3. District #3 includes the geographic area within the City of Denham Springs.

PARD sets its own ad valorem tax, can incur debt and owns property. The City has no budget approval, management designation or commission member removal powers. PARD finances capital and operating budgets directly from the parish constituents within District #3, and has no financial benefit/burden relationship with the City of Denham Springs.

The following agency is a non-profit corporation established pursuant to State Statutes to finance debt for various public purposes within Livingston Parish. The City Council appoints the board members of the agency. The agency is fiscally independent from the City, issues its own debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City is not obligated in any manner for the debt issues of this agency.

Denham Springs/Livingston Housing and Mortgage Finance Authority

Complete financial statements for each of the City of Denham Springs component units and related organizations can be obtained at the Office of the Legislative Auditor of the State of Louisiana, 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804-9397, or at each of the agencies administrative offices.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

The City reports the following major governmental fund:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The utility enterprise fund accounts for the provision of gas, water, sewer and sanitation services to the residents of the City of Denham Springs and some residents of the parishes of Livingston and East Baton Rouge. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

The Denham Springs Sewer District Number 1 fund (a blended component unit) accounts for the provision of sewer services to customers outside the limits of the City of Denham Springs but within a certain geographical area of Livingston Parish. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

Additionally, the City reports the following fund types:

The capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

The special revenue fund accounts for specific revenues that are legally restricted to expenditure for a particular purpose.

The internal service fund accounts for services such as vehicle fuel and repairs and maintenance to vehicles provided to other departments or agencies of the City, on a cost reimbursement basis.

The debt service fund accounts for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. There are no debt service major funds.

The permanent fund accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's program.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments -

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, with original maturities of three months or less from the date of acquisition.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

State statutes authorizes the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments (certificates of deposit with original maturities greater than 90 days) are stated at cost.

Deposit and Investment policies of the component units are similar to those of the primary government except that the restricted cash and investments of the Denham Springs Economic Development District have been placed in trust and are to be invested in accordance with the bond indenture to which these funds were derived.

2. Receivables and Payables -

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. At June 30, 2010, there were no advances between funds.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at June 30, 2010.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

3. Inventories and Prepaid Items -

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets -

Primary Government -

Certain proceeds of the City's Enterprise Fund 2006 and 2008 Revenue Bonds and the Sewer District Number 1 2009 Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

Certain proceeds and resources of the City's Utility Enterprise Fund are set aside to reimburse customers their utility deposits upon discontinuance of service.

Restricted assets at June 30, 2010 include certificates of deposits with maturities greater than 90 days when purchased designated for utility deposits.

Component Unit -

Certain proceeds of the Denham Springs Economic Development District revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts within a trust and their use is limited by applicable bond covenants. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

5. Capital Assets -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets, the City of Denham Springs chose to not include such assets acquired prior to 1980.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 40
Building Improvements	10 - 25
Public Domain Infrastructure	50
System Infrastructure	20 - 50
Equipment	3 - 15

6. Compensated Absences -

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

7. Long-Term Obligations -

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity -

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Post-Employment Health Care Benefits -

Retiree Benefits -

In addition to the pension benefits described in Note 11, the City provides postretirement healthcare benefits to all employees who retire from the City, as per the requirements of a local ordinance. The group insurance is paid by the City and reimbursed by the retired employee. There is no associated cost to the City under this program, and there are only four (4) participants in the program as of June 30, 2010. Since the retiree healthcare benefit program is reimbursed to the City by the participants and the number of retirees opting to use this benefit has been historically low, the City determined any postemployment benefit accrual would be immaterial to the financial statements as the only potential accrual would be the implicit benefit of the retirees of paying the insurance group rate.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

COBRA Benefits -

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid by the City and reimbursed by the insured. This program is offered for a duration of eighteen (18) months after the termination date. There is no associated cost to the City under this program, and at June 30, 2010, there is only one (1) participant in the program.

10. Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

11. Current Accounting Pronouncements -

In June 2007, the Government Accounting Standards Board issued GASB Statement No. 51 "Accounting and Financial Reporting for Intangible Assets." The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets, and more specifically easements or other types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. This Statement was adopted by the City of Denham Springs for the fiscal year ending June 30, 2010. Management evaluated the effects of implementing this new pronouncement and this pronouncement will not have a material effect on the City of Denham Springs financial statements.

In June 2008, the Government Accounting Standards Board issued GASB Statement No. 53 "Accounting and Financial Reporting of Derivative Instruments." This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This Statement was adopted by the City of Denham Springs for the fiscal year ending June 30, 2010. Management evaluated the effects of implementing this new pronouncement and this pronouncement will not have a material effect on the City of Denham Springs financial statements.

In February 2009, the Government Accounting Standards Board issued GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to improve usefulness, including the understandability, of governmental fund balance information. This Statement

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting. This Statement will be required to be adopted by the City of Denham Springs for the fiscal year ending June 30, 2011.

(2) **Stewardship, Compliance and Accountability -**

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Debt Service Fund and the Cemetery Care Permanent Fund which are not budgeted. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Treasurer prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.

Activities of the General Fund, the Capital Project Fund, and the Special Revenue Fund are included in the annual appropriated budget. The City is not required to prepare and does not prepare an annual appropriated budget for its Debt Service Fund, Enterprise Fund, Internal Service Fund or Cemetery Care Permanent Fund.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. Any increase in departmental budgets must be approved by the City Council.

Budgeted amounts are as originally adopted, or as amended from time to time by the City Council. For the fiscal year ended June 30, 2010, the City Council approved the increase in the original expenditures of the General Fund from \$9,911,401 to \$10,544,350.

The total General Fund increase amounted to \$632,949. The General Fund budget as amended was increased approximately \$304,000 for salaries, increased approximately \$43,000 for benefits related to the salary increases, and increased approximately \$295,000 for additional capital outlay expenses. These areas were the major budget increases.

Budgetary data for the discretely presented component units are not presented in these financial statements.

(3) Deposits and Investments -

The City has established a consolidated bank account with a local bank into which monies are deposited and from which all disbursements are now being made. The purpose of the consolidation account is to reduce administrative charges and provide a single cash balance available for the maximization of investment earnings. Each fund shares in the investment earnings of the consolidated account according to its average cash balance. Cash is transferred from those funds with available cash resources to cover any negative cash balances, if any, in other funds at year-end.

The City also invests all excess funds in certificates of deposits, which have maturity dates greater than 90 days when purchased, and are therefore classified as investments for financial reporting.

The discretely presented component units maintain deposit accounts and investments in certificates of deposits similar to the Primary Government.

A. Primary Government

As reflected in Exhibit A-1, the City of Denham Springs, Louisiana has cash totaling \$23,940,381 and investments totaling \$1,315,165. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and are in the name of the fiscal agent bank but pledged to the City. The following is a summary of cash and investments at June 30, 2010.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet:			
Cash and Cash Equivalents	\$1,323,478	\$22,616,903	\$23,940,381
Certificates of Deposit	<u>814,120</u>	<u>501,045</u>	<u>1,315,165</u>
	<u>\$2,137,598</u>	<u>\$23,117,948</u>	<u>\$25,255,546</u>

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2010, \$3,145,289 of the City's bank balance of \$25,919,375 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name. Neither the City of Denham Springs nor its discretely presented component units has a policy for custodial credit risk.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

B. Deposits - Discretely Presented Component Units

The discretely presented component units are required to invest funds within the same state statutes as the primary government. Component unit deposits (including demand deposit accounts and all certificates of deposits) at June 30, 2010, are summarized below.

	<u>City Court of Denham Springs Ward II</u>	<u>Marshall of City Court of Denham Springs Ward II</u>	<u>Denham Springs Economic Development District</u>
Deposits in Bank Accounts Per Balance Sheet:			
Cash and Cash Equivalents	\$ 280,736	\$ 74,163	\$ 3,310,636
Certificates of Deposits	<u>224,220</u>	<u>-</u>	<u>-</u>
	504,956	74,163	3,310,636
Fiduciary Amounts - Not Included in Statement of Net Assets	<u>299,486</u>	<u>-</u>	<u>-</u>
	<u>\$ 804,442</u>	<u>\$ 74,163</u>	<u>\$ 3,310,636</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the component units' deposits may not be returned to them. As of June 30, 2010, \$197,636 of the component units' bank balances of \$4,280,418 were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the component unit that the fiscal agent has failed to pay deposited funds upon demand.

(4) **Ad Valorem Taxes -**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City's property taxes are now billed and collected by the Livingston Parish Tax Collector from information on assessed values received from the Livingston Parish Assessor's Office. The Tax Collector remits collections monthly to the City.

For the year ended June 30, 2010, taxes of 2.748 mills were levied on property with assessed valuations totaling \$77,068,540 and were dedicated to general purposes.

Total taxes levied were \$211,784. Taxes receivable at June 30, 2010, consisted of the following:

Taxes Receivable - Current Roll	\$ 6,027
Taxes Receivable - Prior Years	<u>19,710</u>
	25,737
Allowance for Uncollectible Taxes	<u>(21,828)</u>
	<u>\$ 3,909</u>

(5) **Receivables -**

Receivables as of June 30, 2010, including the applicable allowances for uncollectible accounts, are as follows:

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

	<u>Interest</u>	<u>Ad Valorem Taxes</u>	<u>Royalties</u>	<u>Franchise Taxes</u>	<u>Accounts</u>	<u>Unbilled Sales</u>	<u>Less: Allowance for Uncollectibles</u>	<u>Total - Net Receivable</u>
<u>Governmental Activities:</u>								
General Fund	\$ 2,455	\$25,737	\$ 4,486	\$144,513	\$96,263	\$ -	\$ (21,828)	\$ 251,626
Nonmajor Governmental Funds	<u>2,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>870</u>	<u>-</u>	<u>-</u>	<u>3,352</u>
Total Governmental Activities	4,937	25,737	4,486	144,513	97,133	-	(21,828)	254,978
<u>Business Type-Activities:</u>								
Utility Fund	3,529	-	-	-	450,642	456,373	(146,000)	764,544
<u>Component Units:</u>								
City Court of Denham Springs - Ward II	795	-	-	-	100	-	-	895
Marshall of City Court of Denham Springs - Ward II	-	-	-	-	340	-	-	340
Denham Springs Economic Development District	<u>698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,111</u>	<u>-</u>	<u>-</u>	<u>16,809</u>
Total Component Units	1,493	-	-	-	16,551	-	-	18,044
	<u>\$ 9,959</u>	<u>\$ 25,737</u>	<u>\$ 4,486</u>	<u>\$ 144,513</u>	<u>\$ 564,326</u>	<u>\$ 456,373</u>	<u>\$ (167,828)</u>	<u>\$ 1,037,566</u>

(6) Due From Other Governments -

Due from Other Governments as of June 30, 2010, consists of the following:

	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Livingston Parish</u>	<u>FEMA</u>	<u>Other</u>	<u>Total</u>
<u>Governmental Activities:</u>						
General Fund	\$ 946,223	\$ 7,631	\$ 29,993	\$ 34,966	\$ -	\$1,018,813
Internal Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696</u>	<u>-</u>	<u>1,696</u>
Total Governmental Activities	946,223	7,631	29,993	36,662	-	1,020,509
<u>Business Type-Activities:</u>						
Utility Fund	-	-	-	143,268	127,922	271,190
<u>Component Units:</u>						
City Court of Denham Springs - Ward II	-	-	-	-	-	-
Marshall of City Court of Denham Springs - Ward II	-	-	-	-	465	465
Denham Springs Economic Development District	<u>276,814</u>	<u>213,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,033</u>
Total Component Units	276,814	213,219	-	-	465	490,498
	<u>\$ 1,223,037</u>	<u>\$ 220,850</u>	<u>\$ 29,993</u>	<u>\$ 179,930</u>	<u>\$ 128,387</u>	<u>\$ 1,782,197</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

(7) Interfund Receivables, Payables - Due (To) From Primary Government/Component Units - Transfers In, Transfers Out -

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due To</u>	<u>Due From</u>
Governmental Activities:			
General Fund	Utility Fund	\$ -	\$ 1,426,408
Business Type-Activities:			
Denham Springs Sewer			
District Number 1	Utility Fund	4,121	-
Utility Fund	General Fund	1,426,408	-
	Sewer District Number 1	-	<u>4,121</u>
		<u>\$1,430,529</u>	<u>\$1,430,529</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance owed to the General Fund from the Utility Fund resulted from amounts of outstanding checks in excess of bank balances attributable to the Utility Fund in the amount of \$1,426,408. The Denham Springs Sewer District Number 1 owes the Utility Fund \$4,121 in accumulated project costs in connection with the construction of the District's infrastructure. These balances due to and from funds are expected to be repaid in the subsequent year.

	<u>Due (To)/From Primary Government</u>	<u>Due (To)/From Component Units</u>
<u>Primary Government:</u>		
General Fund	\$ -	\$ 9,102
<u>Component Units:</u>		
City Court of Denham Springs - Ward II	-	-
Marshall of City Court of Denham Springs - Ward II	<u>(9,102)</u>	<u>-</u>
Total	<u>\$ (9,102)</u>	<u>\$ 9,102</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

(8) Changes in Capital Assets -

Primary government capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 1,222,026	\$ -	\$ -	\$ 1,222,026
Construction in Progress	<u>112,488</u>	<u>40,978</u>	<u>-</u>	<u>153,466</u>
Total Capital Assets not being Depreciated	1,334,514	40,978	-	1,375,492
Capital Assets being Depreciated:				
Buildings and Improvements	5,206,438	-	-	5,206,438
Infrastructure	4,391,461	-	-	4,391,461
Equipment	<u>6,482,222</u>	<u>511,910</u>	<u>(552,540)</u>	<u>6,441,592</u>
Total Capital Assets being Depreciated	16,080,121	511,910	(552,540)	16,039,491
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,430,760	130,668	-	2,561,428
Infrastructure	1,779,350	170,427	-	1,949,777
Equipment	<u>3,816,014</u>	<u>491,837</u>	<u>(538,276)</u>	<u>3,769,575</u>
Total Accumulated Depreciation	<u>8,026,124</u>	<u>792,932</u>	<u>(538,276)</u>	<u>8,280,780</u>
Total Capital Assets being Depreciated, Net	<u>8,053,997</u>	<u>(281,022)</u>	<u>(14,264)</u>	<u>7,758,711</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 9,388,511</u>	<u>\$ (240,044)</u>	<u>\$ (14,264)</u>	<u>\$ 9,134,203</u>
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 189,666	\$ -	\$ -	\$ 189,666
Construction in Progress	<u>28,245,041</u>	<u>5,386,090</u>	<u>(30,432,780)</u>	<u>3,198,351</u>
Total Capital Assets not being Depreciated	28,434,707	5,386,090	(30,432,780)	3,388,017

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Business-Type Activities (Continued):</u>				
Capital Assets being Depreciated:				
Buildings and Improvements	573,327	9,970	-	583,297
Gas System	4,652,987	122,174	-	4,775,161
Water System	7,320,788	8,336,537	-	15,657,325
Sewer System	16,842,676	21,914,862	(4,463,149)	34,294,389
Equipment	<u>2,423,721</u>	<u>92,182</u>	<u>(182,773)</u>	<u>2,333,130</u>
Total Capital Assets being Depreciated	31,813,499	30,475,725	(4,645,922)	57,643,302
Less: Accumulated Depreciation for:				
Building and Improvements	200,791	11,996	-	212,787
Gas System	2,740,686	106,608	-	2,847,294
Water System	4,786,824	291,469	-	5,078,293
Sewer System	5,221,609	997,600	(1,810,442)	4,408,767
Equipment	<u>1,715,472</u>	<u>219,874</u>	<u>(182,773)</u>	<u>1,752,573</u>
Total Accumulated Depreciation	14,665,382	1,627,547	(1,993,215)	14,299,714
Total Capital Assets being Depreciated, Net	17,148,117	28,848,178	(2,652,707)	43,343,588
Total Business-Type Activities Capital Assets, Net	<u>\$45,582,824</u>	<u>\$34,234,268</u>	<u>\$(33,085,487)</u>	<u>\$46,731,605</u>

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General Government	\$ 99,371	Water	\$ 380,249
Public Safety	433,294	Gas	177,524
Culture and Recreation	24,435	Sewer	1,063,753
Highway and Streets	<u>226,089</u>	Sanitation	<u>6,021</u>
	783,189	Total Depreciation Expense -	
Capital Assets Held by Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	<u>9,743</u>	Business-Type Activities	<u>\$ 1,627,547</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 792,932</u>		

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

During the current year, the City placed in service a new mechanical sewer treatment plant that was constructed with the proceeds of revenue bonds. This caused the previous sewer treatment facility oxidation pond to be obsolete and is no longer being used. The Utility Enterprise Fund wrote off the remaining value of the oxidation pond and recorded a loss of \$2,652,707 as a special item.

Construction Commitments

Governmental Activities:

The City has two active construction projects as of June 30, 2010 in the governmental activities. The projects include the Downtown Parking Lot Overlay Project, Tate Road Improvements and the Kidz Korner Playland. The construction of the Kidz Korner Playland is being funded by a State of Louisiana grant of \$71,250 and the balance of approximately \$31,199 by the Pilot Club of Denham Springs. The Downtown Parking Lot Overlay Project is being funded by a State of Louisiana grant in the amount of \$50,000. The following schedule represents project phases completed with additional phases of projects expected to be contracted during the following fiscal year:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Kidz Korner Playland Project	\$ 119,449	\$ -
Tate Road Improvements	23,978	-
Downtown Parking Lot Overlay Project	<u>10,039</u>	<u>-</u>
	<u>\$ 153,466</u>	<u>\$ -</u>

Business-Type Activities:

The City issued \$23,765,000 (2006 Utility Revenue Bonds - Sewer Project) dated December 1, 2006, to fund the upgrade of the City owned sewer treatment plant, fund the expansion of the City water distribution system to unincorporated areas of the City, fund the renovations and rehabilitation of City sewer manholes, fund the reclamation of the City's sewer lagoons, and fund any other repairs or expansions needed to maintain the City's water distribution system, and costs related to the issuance of the bonds. The City also issued \$9,100,000 (2007 Utility Revenue Bonds - Sewer Project) dated May 28, 2008, to finance the modification and upgrade of the sewer treatment facility owned by the City and located in the unincorporated area of the Parish, finance the construction of an approximate 9,000 square foot administration building and an approximately 7,500 square foot maintenance building, to finance the purchase of a financial guaranty insurance policy and a reserve fund surety bond policy, and to fund the costs of the issuance of the Bonds. In addition, on November 1, 2009, the Denham Springs Sewer District No. 1, a blended component unit of the City of Denham Springs, issued \$23,750,000 Series 2009 Revenue Bonds. The bonds were issued for the purpose of providing funds to acquire, construct, extend and improve the sewerage system within the boundaries of the Denham Springs Sewer District No. 1, paying capitalized interest on the bonds for a period of eighteen months, and paying the cost of issuance of the bonds. Following is a schedule that lists the various projects and the projected costs on the 2006 Series bond, the 2007 Series bond, and the Denham Springs Sewer District Number 1 Series 2009 bond:

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Series 2006 Bond Issue Projects

<u>Project Name</u>	<u>Projected Costs</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Sewer Treatment Plant Project	\$13,221,089	\$13,221,089	\$ -
Sewer System Repairs Project	1,405,224	1,405,224	-
Water Systems Expansion - Outside City	6,514,667	6,514,667	-
Water Systems Repairs - Inside City	1,822,956	1,822,956	-
Other Miscellaneous Repairs	<u>829,811</u>	<u>813,958</u>	<u>15,853</u>
	<u>\$23,793,747</u>	<u>\$23,777,894</u>	<u>\$ 15,853</u>

Series 2007 Bond Issue Projects

<u>Project Name</u>	<u>Projected Costs</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water/Sewer Building	\$ 967,799	\$ 80,122	\$ 887,677
Sewer Treatment Plant Cost	<u>7,635,713</u>	<u>7,635,713</u>	<u>-</u>
	<u>\$ 8,603,512</u>	<u>\$ 7,715,835</u>	<u>\$ 887,677</u>

**Denham Springs Sewer District No. 1
Series 2009 Bond Issue Projects**

<u>Project Name</u>	<u>Projected Costs</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Sewer Collection System	\$ 19,044,376	\$ 1,294,373	\$ 17,750,003
Sewer Customers	1,411,500	-	1,411,500
Sewer Vacuum Truck	<u>286,585</u>	<u>-</u>	<u>286,585</u>
	<u>\$ 20,742,461</u>	<u>\$ 1,294,373</u>	<u>\$ 19,448,088</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

A summary of changes in capital assets for component units is as follows:

City Court of Denham Springs - Ward II:

<u>Governmental Activities</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Equipment:				
Copier	\$ 11,018	\$ -	\$ -	\$ 11,018
Telephone System	11,171	-	-	11,171
Furniture and Fixtures	23,898	2,681	-	26,579
Computer Equipment	117,137	19,343	-	136,480
Police Equipment	4,273	-	-	4,273
Leasehold Improvements	15,696	-	-	15,696
Other Equipment	<u>27,896</u>	<u>-</u>	<u>-</u>	<u>27,896</u>
Totals	211,089	22,024	-	233,113
Less: Accumulated Depreciation	<u>(185,596)</u>	<u>(9,994)</u>	<u>-</u>	<u>(195,590)</u>
Capital Assets, Net	<u>\$ 25,493</u>	<u>\$ 12,030</u>	<u>\$ -</u>	<u>\$ 37,523</u>

Marshal of City Court of Denham Springs - Ward II:

<u>Governmental Activities</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Office Equipment	\$ 21,489	\$ -	\$ -	\$ 21,489
Furniture and Fixtures	14,786	2,325	-	17,111
Machinery and Equipment	30,475	13,598	-	44,073
Vehicles	114,232	81,307	-	195,539
Leasehold Improvements	<u>12,529</u>	<u>-</u>	<u>-</u>	<u>12,529</u>
Totals	193,511	97,230	-	290,741
Less: Accumulated Depreciation	<u>(120,392)</u>	<u>(28,776)</u>	<u>-</u>	<u>(149,168)</u>
Capital Assets, Net	<u>\$ 73,119</u>	<u>\$ 68,454</u>	<u>\$ -</u>	<u>\$ 141,573</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Denham Springs Economic Development District:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 7,303,750	\$ -	\$ -	\$ 7,303,750
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets not being Depreciated	7,303,750	-	-	7,303,750
Capital Assets being Depreciated:				
Buildings	26,205,237	-	-	26,205,237
Roads	5,990,156	576,475	-	6,566,631
Utilities	<u>2,063,484</u>	<u>-</u>	<u>-</u>	<u>2,063,484</u>
Total Capital Assets being Depreciated	34,258,877	576,475	-	34,835,352
Less: Accumulated Depreciation for:				
Buildings and Improvements	900,805	655,131	-	1,555,936
Roads	352,025	313,920	-	665,945
Utilities	<u>141,865</u>	<u>103,174</u>	<u>-</u>	<u>245,039</u>
Total Accumulated Depreciation	1,394,695	1,072,225	-	2,466,920
Total Capital Assets being Depreciated, Net	<u>32,864,182</u>	<u>(495,750)</u>	<u>-</u>	<u>32,368,432</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 40,167,932</u>	<u>\$ (495,750)</u>	<u>\$ -</u>	<u>\$ 39,672,182</u>

Depreciation expense was charged to functions of the component unit government as follows:

Governmental Activities	<u>\$ 1,072,225</u>
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CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**(9) Long-Term Liabilities -
Primary Government -
Revenue Bonds**

Utility Enterprise Fund: The City issues bonds where it pledges income derived from the acquired or constructed assets to pay debt services. On December 1, 2006, the City issued \$23,765,000 of revenue bonds. During the prior fiscal year, the City issued an additional \$9,100,000 of revenue bonds dated May 28, 2008. These bonds were issued to finance the funding of the upgrade of the City owned sewer treatment plant, the funding of the expansion of the City water distribution system to unincorporated areas of the City, the funding of renovations and rehabilitations of City sewer manholes, the funding of the reclamation of the City's sewer lagoons, the funding of a water and sewer department building, the funding of any other repairs and/or expansions needed to maintain the City's water distribution system, and any costs incidental to the issuance of these bonds.

Denham Springs Sewer District Number 1: On November 1, 2009, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$23,750,000 in revenue bonds on behalf of the Denham Springs Sewer District Number 1. These bonds were issued for the purpose of (1) financing the cost of acquiring, constructing, extending and improving the sewerage infrastructure within the District and (2) paying capitalized interest on the bonds for a period of eighteen months, and (3) paying the cost of issuance of the bonds.

The revenue bonds outstanding at June 30, 2010, are as follows:

<u>Description/Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2010</u>
Business-Type Activities:				
Utility Enterprise Fund:				
2006 Utility Revenue Bonds - Sewer Project	\$23,765,000	4.00 to 4.75%	12-01-2036	\$22,435,000
2008 Utility Revenue Bonds - Sewer Project	\$ 9,100,000	3.00 to 4.88%	12-01-2038	8,885,000
Denham Springs Sewer District Number 1:				
2009 Denham Springs Sewer District No. 1 Project	\$23,750,000	4.00 to 5.00%	12-01-2039	23,750,000
Total Revenue Bonds				\$55,070,000

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Revenue bond debt service requirements to maturity, including interest requirements, are as follows:

Year Ending	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 635,000	\$ 2,473,420	\$ 3,108,420	\$ 3,108,420
2012	660,000	2,449,245	3,109,245	3,109,245
2013	685,000	2,424,008	3,109,008	3,109,008
2014	710,000	2,397,589	3,107,589	3,107,589
2015	735,000	2,370,095	3,105,095	3,105,095
2016-2020	6,460,000	11,162,810	17,622,810	17,622,810
2021-2025	7,880,000	9,701,925	17,581,925	17,581,925
2026-2030	9,715,000	7,811,818	17,526,818	17,526,818
2031-2035	12,200,000	5,256,069	17,456,069	17,456,069
2036-2040	15,390,000	1,977,956	17,367,956	17,367,956
Total Revenue				
Bonds		<u>\$55,070,000</u>	<u>\$48,024,935</u>	<u>\$103,094,935</u>

The 2006 Utility Revenue Bond - Sewer Project requires the following funds to be maintained:

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.

The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2010, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$370,765.

The 2008 Utility Revenue Bond - Sewer Project requires the following funds to be maintained:

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.

The City is required to pay monthly one-twelfth (1/12) of the interest and principal paid on the bonds during the immediate preceding bond year into a principal and interest account of the Debt Service Fund. At June 30, 2010, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$131,777.

The 2009 Denham Springs Sewer District Number 1 Project Bond requires the following funds to be maintained:

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

A capitalized interest fund which will be used to receive the immediate transfer of a portion of the proceeds of the bonds to pay interest capitalized on the bonds for a period of eighteen months during the construction phase of the project. Any funds remaining after June 30, 2011 shall be transferred into the debt service fund. At June 30, 2010, \$1,116,318 remained in the capitalized interest fund.

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.

Upon completion of the construction or eighteen months, whichever occurs first, the Denham Springs Sewer District Number 1 will be required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2010, the balance in the account was \$3,472.

Prior Year Bond Defeasance. There are no outstanding balances on any prior-year bond defeasance as of June 30, 2010.

Capital Lease Payable. The City entered into a capital lease agreement on October 31, 2007, for financing the purchase of seven police vehicles for the Police Department. The lease requires monthly payments of principal and interest of \$3,743 for thirty-six months with a final payment due October 31, 2010. The City entered into a capital lease agreement on August 13, 2008, for financing the purchase of two fire trucks for the Fire Department. The lease requires annual payments of principal and interest of \$225,000 for five years with a final payment due April 1, 2013. The lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the City Council does not make an annual appropriation for the lease payments. The capital leases payable at June 30, 2010, are as follows:

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2010</u>
Capital lease to finance the purchase of seven police vehicles	\$125,426	4.71%	10/31/10	\$ 14,825
Capital lease to finance the purchase of two fire trucks	\$979,291	4.93%	04/01/13	\$613,569

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Capital lease payments to maturity including interest requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 209,594	\$ 30,377	\$ 239,971
2012	204,365	20,635	225,000
2013	<u>214,435</u>	<u>10,565</u>	<u>225,000</u>
Total	<u>\$ 628,394</u>	<u>\$ 61,577</u>	<u>\$ 689,971</u>

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2010 is as follows:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital Lease	\$ 857,125	\$ -	\$ 228,731	\$ 628,394	\$ 209,594
Compensated Absences	<u>623,655</u>	<u>595,435</u>	<u>495,994</u>	<u>723,096</u>	<u>180,774</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 1,480,780</u>	<u>\$ 595,435</u>	<u>\$ 724,725</u>	<u>\$ 1,351,490</u>	<u>\$ 390,368</u>
Business-Type Activities:					
2006 Utility Revenue					
Bond-Sewer Project	\$22,885,000	\$ -	\$ 450,000	\$22,435,000	\$ 465,000
2008 Utility Revenue					
Bond-Sewer Project	9,050,000	-	165,000	8,885,000	170,000
2009 Denham Springs Sewer					
District No. 1 Project	-	23,750,000	-	23,750,000	-
Adjust for Deferred Amount:					
For Issuance Premium	218,690	-	4,387	214,303	4,536
For Issuance Discounts	<u>(109,069)</u>	<u>(161,030)</u>	<u>(2,025)</u>	<u>(268,074)</u>	<u>(2,088)</u>
Total Bonds Payable	32,044,621	23,588,970	617,362	55,016,229	637,448
Compensated Absences	<u>191,445</u>	<u>173,324</u>	<u>173,331</u>	<u>191,438</u>	<u>47,859</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$32,236,066</u>	<u>\$23,762,294</u>	<u>\$ 790,693</u>	<u>\$55,207,667</u>	<u>\$ 685,307</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

The internal service fund serves predominantly the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$10,255 of compensated absences for the internal service fund is included in the above amounts. Also, for the governmental activities, capital leases and compensated absences are generally liquidated by the General Fund.

Component Units -

Denham Springs Economic Development District:

The following is a summary of the changes in general long-term debt of the Denham Springs Economic Development District for the year ended June 30, 2010:

	Balance			Balance	Due
	June 30, 2009	Additions	Reductions	June 30, 2010	Within
					One Year
Governmental Activities:					
2007 Series A	\$ 5,060,000	\$ -	\$ -	\$ 5,060,000	\$ -
2007 Series B	31,180,000	-	1,330,000	29,850,000	515,000
2007 Series C	5,300,000	-	-	5,300,000	-
2008 Series	8,460,000	-	160,000	8,300,000	120,000
Adjust for Deferred Amount:					
For Issuance Discounts	<u>(339,057)</u>	<u>-</u>	<u>(10,665)</u>	<u>(328,392)</u>	<u>-</u>
Long-Term Liabilities	<u>\$ 49,660,943</u>	<u>\$ -</u>	<u>\$1,479,335</u>	<u>\$ 48,181,608</u>	<u>\$635,000</u>

At June 30, 2010, long-term debt consists of the following Sales Tax Increment Revenue Bonds dated March 1, 2007 for the 2007 Series and May 27, 2008 for the 2008 Series.

On July 16, 2009, the 2007 Series B Bonds and the 2008 Series Bonds were converted from taxable variable rate sales tax increment revenue bonds to non-taxable variable rate sales tax increment revenue bonds. In addition, the 2007 Series C Bonds were converted from taxable fixed rate subordinate sales tax increment bonds to non-taxable fixed rate subordinate sales tax increment bonds. The conversion was done in an effort to reduce future interest payments.

Series 2007A Tax-Exempt Variable
Rate Sales Tax Increment Revenue

Bonds - Variable Interest Rate
Interest Only until July 1, 2034
with Final Maturity January 1, 2037

\$ 5,060,000

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Series 2007B Taxable Variable Rate Sales Tax Increment Revenue Bonds - Converted to Non-Taxable Variable Rate Sales Tax Increment Revenue Bonds on July 16, 2009; Final Maturity January 1, 2034	29,850,000
Series 2007C Taxable Fixed Rate Subordinate Sales Tax Increment Revenue Bonds - Interest Rate 10.00%; Converted to Non-Taxable Fixed Rate Subordinate Sales Tax Increment Revenue Bonds - Interest Rate 8.00% on July 16, 2009; Interest Only Paid Each Year; Single Bond Maturity January 1, 2037	5,300,000
Series 2008 Taxable Variable Rate Sales Tax Increment Revenue Revenue Bonds - Converted to Non-Taxable Variable Rate Sales Tax Increment Revenue Bonds on July 16, 2009; Final Maturity January 1, 2037	<u>8,300,000</u>
	<u>\$ 48,510,000</u>

These bonds were issued for the purchase of 24 acres within the 75 acre District and for the construction of the "Bass Pro Shops" project and infrastructure. The bonds will be paid from the dedicated portion of the sale tax revenues generated from the District. Additional collateral for these bonds is limited to the "Bass Pro Shop" development and the City of Denham Springs has no liability for these bonds.

The annual requirements to amortize the bonds outstanding using estimated current interest rates of 0.27% for the Series 2007A, 0.27% for the Series 2007B, and 0.27% for the Series 2008 are shown in the following schedule. Other fees related to the Series 2007A, Series 2007B, and Series 2008 bonds that are not included in the following schedule consist of an estimated 1.00% for letter of credit fees and an estimated 0.25% for remarketing fees for all bonds.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Year Ending June 30,	2007 Series A		2007 Series B		2007 Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ -	\$ 13,615	\$ 515,000	\$ 79,028	\$ -	\$ 424,000
2012	-	13,649	145,000	78,348	-	424,000
2013	-	13,611	180,000	77,711	-	424,000
2014	-	13,611	250,000	77,151	-	424,000
2015	-	13,611	350,000	76,350	-	424,000
2016-2020	-	68,132	3,500,000	359,943	-	2,120,000
2021-2025	-	68,094	7,555,000	287,813	-	2,120,000
2026-2030	-	68,094	9,710,000	161,775	-	2,120,000
2031-2035	-	66,133	7,645,000	37,433	-	2,120,000
2036-2037	5,060,000	9,971	-	-	5,300,000	848,000
	5,060,000	348,521	29,850,000	1,235,552	5,300,000	11,448,000
Less: Unamortized						
Discount	(37,950)	-	(224,496)	-	-	-
Total	\$5,022,050	\$ 348,521	\$29,625,504	\$ 1,235,552	\$ 5,300,000	\$11,448,000

Year Ending June 30,	2008 Series		Governmental Activities		
	Principal	Interest	Principal	Interest	Total
2011	\$ 120,000	\$ 22,156	\$ 635,000	\$ 538,799	\$ 1,173,799
2012	130,000	21,895	275,000	537,892	812,892
2013	140,000	21,480	320,000	536,802	856,802
2014	150,000	21,099	400,000	535,861	935,861
2015	160,000	20,690	510,000	534,651	1,044,651
2016-2020	950,000	96,486	4,450,000	2,644,561	7,094,561
2021-2025	1,305,000	81,714	8,860,000	2,557,621	11,417,621
2026-2030	1,760,000	61,623	11,470,000	2,411,492	13,881,492
2031-2035	2,395,000	34,387	10,040,000	2,257,953	12,297,953
2036-2037	1,190,000	3,846	11,550,000	861,817	12,411,817
	8,300,000	385,376	48,510,000	13,417,449	61,927,449
Less: Unamortized					
Discount	(65,946)	-	(328,392)	-	(328,392)
Total	\$8,234,054	\$ 385,376	\$48,181,608	\$13,417,449	\$ 61,599,057

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Marshal of City Court of Denham Springs - Ward II:

The following is a summary of the changes in general long-term debt of the Marshal of City Court of Denham Springs - Ward II for the year ended June 30, 2010:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Capital Lease	\$ -	\$ 52,528	\$ 8,945	\$ 43,583	\$ 14,591

Capital Lease Payable. The Marshal entered into a capital lease agreement on November 3, 2009, for financing the purchase of a 2010 Chevrolet Tahoe for the deputies. The lease requires monthly payments of principal and interest of \$618 for forty eight months with a final payment due January 19, 2014. In addition, the Marshal entered into a capital lease agreement on November 5, 2009, for financing the purchase of a 2010 Ford Crown Victoria for the deputies. The lease requires quarterly payments of principal and interest of \$2,332 for twelve quarters with a final payment due August 5, 2012. The lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the Marshal does not make an annual appropriation for the lease payments. The capital leases payable at June 30, 2010, are as follows:

<u>Description/Purpose</u>	<u>Original</u> <u>Lease</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital lease to finance the purchase of 2010 Chevrolet Tahoe	\$ 26,727	5.50%	01/19/14	\$ 24,098
Capital lease to finance the purchase of 2010 Ford Crown Victoria	\$ 25,801	6.05%	08/05/11	19,485
				<u>\$ 43,583</u>

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Capital lease payments to maturity including interest requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 14,591	\$ 2,161	\$ 16,752
2012	15,460	1,293	16,753
2013	9,278	478	9,756
2014	<u>4,254</u>	<u>77</u>	<u>4,331</u>
Total	<u>\$ 43,583</u>	<u>\$ 4,009</u>	<u>\$ 47,592</u>

(10) Customers' Deposits -

Meter deposits are paid by customers upon application for utility services and are returnable to them upon termination of service. Receipts from meter deposits are deposited in the Utility Operating Fund and refunds of deposits on termination of service are made from the same account.

The City has a certificate of deposit and a demand deposit account which is designated specifically for Customers' Deposits. At June 30, 2010, customers' deposits amounted to \$833,193 and the balances of the certificate of deposit and the demand deposit account for Customers' Deposits amounted to \$837,010 and are included as a Restricted Assets on the Statement of Net Assets.

(11) Retirement Commitments -

A. Plan Descriptions, Contribution Information, and Funding Policies

Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Eligibility to Participate	All permanent employees working at least 35 hours per week, not covered by another pension plan, and under age 60 at date of employment and are paid wholly or in part from City funds; all elected municipal officials are also eligible to participate; all employees of the City are members of Plan B.	All full-time police department employees engaged in law enforcement are required to participate in the System.	Mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System.
Authority Establishing Contribution Obligations and Benefits	State Statute	State Statute	State Statute
Plan Members' Contribution Rate (Percent of Covered Payroll)	5.00%	7.50%	8.00%
City's Contribution Rate (Percent of Covered Payroll)	6.75%	11.00%	14.00%
Period Required to Vest	10 years	12 years	12 years

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Benefits and Eligibility for Distribution (Full-Time)	At or after age 60 with at least 10 years of creditable service or at or after 55 with at least 30 years of creditable service, 2% of final average salary multiplied by the years of creditable service; at least 10 years but less than 30 years of creditable service, may take early retirement benefits reduced 3% for each year retirement precedes age 60; in any case monthly retirement benefits can not exceed 100% of final average salary	25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55, 3 1/3% of average salary multiplied by the years of creditable service not to exceed 100% of final salary; early retirement, 20 years of service regardless of age, 3 1/3% of average salary multiplied by creditable service actuarially reduced for retirement prior to age 50.	20 years or more of creditable service and attained age 50 or 12 years of service and age 55 or 25 years of service at any age, 3 1/3% of average salary multiplied by the years of creditable service not to exceed 100% of final salary
Deferred Retirement Option	Yes, 30 years creditable service	Yes, 25 years of creditable service regardless of age or 20 years of creditable service and attaining the age of 50	Yes, after completing 20 years of creditable service
Provisions for: Cost of Living Adjustments (Normal Retirement)	Yes	Yes	Yes
Death (Duty, Non-Duty, Post Retirement)	Yes	Yes	Yes

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Disability (Duty, Non-Duty)	Yes	Yes	Yes
Cost of Living Allowances	Yes	Yes	Yes

B. Trend Information -

Contributions required by State statute:

Fiscal Year	<u>Municipal Employees Retirement System of Louisiana</u>		<u>Municipal Police Employees Retirement System of Louisiana</u>		<u>Firefighters Retirement System of Louisiana</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2001	\$177,412	100%	\$176,186	100%	\$101,219	100%
2002	\$184,844	100%	\$177,673	100%	\$122,030	100%
2003	\$235,415	100%	\$182,630	100%	\$128,281	100%
2004	\$299,519	100%	\$275,777	100%	\$235,124	59%
2005	\$317,335	100%	\$320,036	100%	\$254,973	138%
2006	\$326,121	100%	\$251,776	100%	\$199,621	100%
2007	\$343,216	100%	\$250,519	100%	\$176,041	100%
2008	\$370,239	100%	\$317,836	100%	\$200,578	100%
2009	\$382,787	100%	\$276,065	100%	\$220,173	100%
2010	\$375,732	100%	\$314,431	100%	\$282,354	100%

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their annual financial reports. Copies of these reports may be obtained from the respective State retirement systems.

(12) Deferred Compensation Plan -

The City offers its employees a deferred compensation plan created in accordance with Louisiana Revised Statutes 42:1301 through 42:1308 and Section 457 of the Internal Revenue Code of 1954. The Louisiana Public Employees' Deferred Compensation Plan is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In accordance with the amended provisions of Internal Revenue Code Section 457 which were enacted into law in August 1996, all amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights,

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

are solely the property and rights of the participants and their beneficiaries. As required by the amendment to the code, the City established a custodial account with a third party administrator who will hold the assets and income of the plan.

Under GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", governments who have no responsibility for the plan and are not formally considered the plan's trustee are not required to report the plan in its financial statements. Since the City's plan is held in a custodial account with a third party administrator, the assets and liabilities are not presented in the City's financial statements as of June 30, 2010.

At June 30, 2010, assets totaling \$588,335 are held by Great West Life & Annuity Insurance Company, a deferred compensation center.

Compensation deferred under this plan for the fiscal year ended June 30, 2010, amounted to \$61,924.

(13) Litigation -

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City of Denham Springs.

(14) Intergovernmental Revenue -

GASB No. 24 requires government employers to disclose the amount recognized in the financial statements for on-behalf payments of salaries and fringe benefits.

Supplementary salary payments are made by the State of Louisiana directly to certain groups of the City's employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution made by the State. For the fiscal year ended June 30, 2010, the State paid supplemental salaries to the City's fire and law enforcement employees in the amount of \$353,933.

(15) Risk Management -

The City is exposed to various risks of loss related to torts theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City maintains commercial insurance for all risks of loss, including (1) Worker's Compensation, (2) Public Official Bonds and Employees Liability, (3) Business Auto Liability, (4) Umbrella coverage, (5) Law Enforcement Professional Liability, (6) Fire and Extended coverage and (7) Flood Insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

(16) Mayor and Council Members' Compensation -

The following list includes the compensation paid to the Mayor and Council Members for the year ended June 30, 2010. The current terms of the Mayor and Council Members expire on December 31, 2010.

James E. Durbin, Mayor 417 Centerville Street Denham Springs, Louisiana 70726 Telephone: 665-8121 Term Began: January 1, 2007	\$ 79,200
Lori Lamm-Williams, Council Member 717 Poplar Street Denham Springs, Louisiana 70726 Telephone: 665-4462 Term Began: January 1, 2007	\$ 12,000
Arthur Perkins, Council Member 906 Hatchell Lane Denham Springs, Louisiana 70726 Telephone: 664-6730 Term Began: January 1, 2007	\$ 12,000
John Wascom, Council Member 522 Centerville Street Denham Springs, Louisiana 70726 Telephone: 665-7037 Term Began: January 1, 2007	\$ 12,000
Rene F. Delahoussaye, Jr. 211 Centerville E. Denham Springs, Louisiana 70726 Telephone: 665-4889 Term Began: January 1, 2007	\$ 12,000
Annie M. Fugler 510 Rushing Road, W. Denham Springs, Louisiana 70726 Telephone: 665-1461 Term Began: January 1, 2009	\$ 12,000

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**(17) Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Fiscal Year Ended June 30, 2010 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Operating Revenues:					
Charges for Services	\$ 4,253,310	\$ 2,148,694	\$ 2,420,122	\$ 718,662	\$ 9,540,788
Delinquent Charges	67,060	33,877	38,157	11,331	150,425
Miscellaneous	-	57,806	425	-	58,231
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenues	4,320,370	2,240,377	2,458,704	729,993	9,749,444
Operating Expenses:					
Direct	2,913,087	1,322,792	2,306,134	728,966	7,270,979
General and Administrative	579,512	510,821	463,627	119,123	1,673,083
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	3,492,599	1,833,613	2,769,761	848,089	8,944,062
 Operating Income (Loss) by Department	 827,771	 406,764	 (311,057)	 (118,096)	 805,382
Nonoperating Revenues	20,936	26,210	23,916	-	71,062
Nonoperating Expenses	-	(339,712)	(862,445)	-	(1,202,157)
Capital Contributions	-	-	57,988	-	57,988
Special Item	-	-	(2,652,707)	-	(2,652,707)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Change in Net Assets					(2,920,432)
Business-Type Activities					
Departmental Net Income (Loss)	\$ 848,707	\$ 93,262	\$ (3,744,305)	\$ (118,096)	
	<hr/>	<hr/>	<hr/>	<hr/>	
Change in Net Assets Business-Type Activities					<u>\$ (2,920,432)</u>

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**(18) Schedule of Utility Fund Operating Expenses by Department
for the Fiscal Year Ended June 30, 2010 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Direct Expenses:					
Natural Gas Purchases	\$ 1,784,247	\$ -	\$ -	\$ -	\$ 1,784,247
Direct Labor	614,716	444,455	528,291	-	1,587,462
Chlorinator Expense	-	41,965	-	-	41,965
Depreciation	177,524	380,249	1,063,753	6,021	1,627,547
Utilities	8,241	104,013	256,293	-	368,547
Equipment Expenses	82,117	52,040	92,819	-	226,976
Equipment Rental	7,291	24,251	2,760	-	34,302
Lab Fees	-	29,750	39,795	-	69,545
Maintenance	143,153	139,680	314,939	-	597,772
Meter Reading	79,231	96,838	-	-	176,069
Meter Repairs	2,521	-	-	-	2,521
Small Tools and Supplies	14,046	9,551	7,484	92	31,173
Subcontract Disposal Service	-	-	-	722,853	722,853
	<u>2,913,087</u>	<u>1,322,792</u>	<u>2,306,134</u>	<u>728,966</u>	<u>7,270,979</u>
General and Administrative Expenses:					
Office Salaries	113,828	142,489	106,190	66,546	429,053
Payroll Taxes, Retirement and Group Insurance	197,339	147,700	157,826	16,869	519,734
Utilities	13,245	2,626	1,552	974	18,397
Maintenance and Repairs	9,409	3,599	11,851	-	24,859
Insurance	107,136	65,760	43,543	3,480	219,919
Miscellaneous	40,102	27,430	35,682	7,306	110,520
Office Expense	24,252	29,515	24,091	3,622	81,480
Professional Fees	22,163	44,918	33,983	5,621	106,685
Telephone	27,972	16,658	26,458	636	71,724
Bad Debts	24,066	30,126	22,451	14,069	90,712
	<u>579,512</u>	<u>510,821</u>	<u>463,627</u>	<u>119,123</u>	<u>1,673,083</u>
Total Operating Expenses	<u><u>\$ 3,492,599</u></u>	<u><u>\$ 1,833,613</u></u>	<u><u>\$ 2,769,761</u></u>	<u><u>\$ 848,089</u></u>	<u><u>\$ 8,944,062</u></u>

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**(19) Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Fiscal Year Ended June 30, 2010 -**

Personal Services and Benefits:

Direct Labor	\$ 1,587,462
Office Salaries	429,053
Payroll Taxes, Retirement and Group Insurance	<u>519,734</u>
	2,536,249

Contractual Services:

Chlorinator Expense	41,965
Equipment Rental	34,302
Lab Fees	69,545
Meter Reading	176,069
Subcontract Disposal Service	722,853
Professional Fees	<u>106,685</u>
	1,151,419

Cost of Materials:

Natural Gas Purchases	1,784,247
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Utilities:

Utilities (Direct)	368,547
Utilities (General)	18,397
Telephone	<u>71,724</u>
	458,668

Repair and Maintenance:

Equipment Expenses	226,976
Maintenance	597,772
Meter Repairs	2,521
Maintenance and Repairs	<u>24,859</u>
	852,128

Supplies:

Small Tools and Supplies	31,173
Office Expense	81,480
Miscellaneous	<u>110,520</u>
	223,173

Insurance

219,919

Depreciation

1,627,547

Bad Debts

90,712

Total Operating Expenses

\$ 8,944,062

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010

(20) Cooperative Endeavor Agreement -

A cooperative endeavor agreement dated December 15, 2006 was made by and among Denham Springs Economic Development District (the "District"), Denham Springs Economic Development Corporation (the "Corporation"), City of Denham Springs, State of Louisiana (the "City"), Law Enforcement District of the Parish of Livingston, State of Louisiana (the "Law Enforcement District"), Livingston Parish School Board, both in its capacity as a Participating Tax Recipient Entity (the "School Board") and its capacity as the Tax Collector for Sales and Use Taxes in the District (the "Tax Collector"), Parish of Livingston, State of Louisiana (the "Parish"), Special Sales Tax District No. 1 of the Parish of Livingston, State of Louisiana (the "School District"), Gravity Drainage District No. 1 of the Parish of Livingston, State of Louisiana (the "Gravity Drainage District") and The State of Louisiana (the "State"), acting by and through the Louisiana Department of Revenue (the "Department").

Pursuant to this Cooperative Endeavor Agreement, the Participating Tax Recipient Entities and the State have pledged and dedicated and will irrevocably pledge and dedicate an amount of Annual Pledged Local Increment and Annual Pledged State Increment to pay the annual principal of, premium, if any, and interest on the Bonds. The District used a portion of the proceeds of the Bonds to purchase the Bass Pro Site, which then has been leased by the District to the Corporation. The District shall deposit a portion of the proceeds of the Bonds to the Project Fund held by the Paying Agent/Trustee to pay Project Costs. The Corporation will contract for and monitor construction of the Project and sublease the Bass Pro Site and Facilities to Bass Pro Denham Springs Development Company, LLC. The Corporation will mortgage its leasehold interest in the Bass Pro Site and Facilities in favor of the Paying Agent/Trustee for the benefit of bondholders.

In consideration of the mutual covenants contained, the parties covenant and agree to pledge and dedicate pursuant to the agreement their agreed upon percentages of the sales tax collected within the District as follows:

<u>Entity</u>	<u>Sales and Use Tax Percent</u>	<u>Percent of Sales Tax Pledged to District</u>
City of Denham Springs Livingston Parish	1.50%	71.42857%
Law Enforcement District Livingston Parish	.50%	71.42857%
School Board - General Fund Livingston Parish	1.00%	100.00000%
School Board - 2 nd Sales Tax Livingston Parish School Board - District #1	1.00%	0.00000%
	.50%	100.00000%

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Entity	Sales and Use Tax Percent	Percent of Sales Tax Pledged to District
Livingston Parish Council	1.00%	71.42857%
Livingston Parish Gravity Drainage District #1	.50%	71.42857%
State of Louisiana	4.00%	50.00000%
	10.00%	

In addition, while each of the local entities pledge their sales tax revenues until the bonds are paid in full, the State of Louisiana pledged their participation for not more than 20 years from date of closing on the bonds and not to exceed \$1,500,000 per year. The bonds issued March 20, 2007 and May 27, 2008, each have a maturity schedule of 30 years. No participating local tax recipient entity shall be required to pledge or pay more than the annual pledged local increment attributable to it during any year of the term of the agreement. The term of this agreement shall be effective upon execution by all parties hereto and shall terminate upon the earlier of (i) payment in full by the District of all principal, interest, premium, if any, and other requirements of the bonds or (ii) the final maturity date of the Bonds, which date shall not be extended beyond that final maturity date initially set forth in the Indenture without the prior written consent of all Participating Tax Recipient Entities.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Projects Fund - This fund is used to account for the costs of major repairs and construction of City streets, for the costs of improving major drainage arteries throughout the City, and for the construction costs and/or major renovation costs to various City buildings.

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

1994 Paving Certificates Debt Service Fund - This fund was used to account for the collection of a special assessment on the property owners of the Lakeland Acres Subdivision. The proceeds of such collections to be used to make annual payments on the 1994 Paving Certificates of Indebtedness incurred for the benefit of the property owners of the Lakeland Acres Subdivision. The special assessment debt has been paid and at June 30, 2010, only the balance of excess cash remains in the fund.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Cemetery Care Permanent Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the City's cemetery.

SPECIAL REVENUE FUND

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose.

Witness Fee Fund - This fund is used to account for the cost of court appearances by police officers at the City Court of Denham Springs - Ward II to provide testimony.

CITY OF DENHAM SPRINGS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 167,620	\$ 3,266	\$ 305,444	\$ 75,240	\$ 551,570
Investments, at Cost	-	-	410,000	-	410,000
Receivables (Net of Allowance for Uncollectibles):					
Other	20	-	2,482	850	3,352
Total Assets	<u>\$ 167,640</u>	<u>\$ 3,266</u>	<u>\$ 717,926</u>	<u>\$ 76,090</u>	<u>\$ 964,922</u>
LIABILITIES AND FUND BALANCES					
Accounts Payable	\$ 14	\$ -	\$ 110	\$ 50	\$ 174
Deferred Revenue	50,000	-	-	-	50,000
Total Liabilities	50,014	-	110	50	50,174
Fund Balances:					
Reserved for Cemetery Expenditures	-	-	717,816	-	717,816
Unreserved:					
Undesignated	117,626	3,266	-	76,040	196,932
Total Fund Balances	<u>117,626</u>	<u>3,266</u>	<u>717,816</u>	<u>76,040</u>	<u>914,748</u>
Total Liabilities and Fund Balances	<u>\$ 167,640</u>	<u>\$ 3,266</u>	<u>\$ 717,926</u>	<u>\$ 76,090</u>	<u>\$ 964,922</u>

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
Revenues:					
State Grants	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Fees	-	-	-	31,490	31,490
Interest	11	3	5,503	544	6,061
Miscellaneous	2,226	-	35,600	-	37,826
Total Revenues	27,237	3	41,103	32,034	100,377
Expenditures:					
Current:					
General Government	-	-	1,186	21,246	22,432
Capital Outlay:					
General Government	17,000	-	-	-	17,000
Highways and Streets	80,115	-	-	-	80,115
Total Expenditures	97,115	-	1,186	21,246	119,547
Excess (Deficiency) of Revenues over (under) Expenditures	(69,878)	3	39,917	10,788	(19,170)
Other Financing Sources (Uses):					
Transfers In	93,600	-	-	-	93,600
Total Other Financing Sources (Uses)	93,600	-	-	-	93,600
Net Change in Fund Balances	23,722	3	39,917	10,788	74,430
Fund Balances at Beginning of Year	93,904	3,263	677,899	65,252	840,318
Fund Balances at End of Year	\$ 117,626	\$ 3,266	\$ 717,816	\$ 76,040	\$ 914,748

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ 50	\$ 11	\$ (39)
State Grants	-	75,000	25,000	(50,000)
Miscellaneous	-	1,200	2,226	1,026
Total Revenues	-	76,250	27,237	(49,013)
Expenditures:				
Construction Costs and Related Expenditures	95,000	124,477	97,115	27,362
Total Expenditures	95,000	124,477	97,115	27,362
Excess (Deficiency) of Revenues Over Expenditures	(95,000)	(48,227)	(69,878)	(21,651)
Other Financing Sources (Uses):				
Transfers In	-	106,941	93,600	(13,341)
Total Other Financing Sources (Uses)	-	106,941	93,600	(13,341)
Net Change in Fund Balances	(95,000)	58,714	23,722	(34,992)
Fund Balance at Beginning of Year	<u>93,904</u>	<u>93,904</u>	<u>93,904</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (1,096)</u>	<u>\$ 152,618</u>	<u>\$ 117,626</u>	<u>\$ (34,992)</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
WITNESS FEE FUND -
SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees	\$ 23,600	\$ 30,600	\$ 31,490	\$ 890
Interest	2,200	700	544	(156)
Total Revenues	25,800	31,300	32,034	734
Expenditures:				
General Government	25,800	25,800	21,246	4,554
Total Expenditures	25,800	25,800	21,246	4,554
Net Change in Fund Balances	-	5,500	10,788	5,288
Fund Balance at Beginning of Year	65,252	65,252	65,252	-
Fund Balance at End of Year	<u>\$ 65,252</u>	<u>\$ 70,752</u>	<u>\$ 76,040</u>	<u>\$ 5,288</u>

The accompanying notes constitute an integral part of this statement.

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CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS¹
SCHEDULE BY SOURCE

JUNE 30, 2010

Governmental Funds Capital Assets:

Land	\$ 1,222,026
Land Improvements	38,565
Buildings	5,081,120
Equipment	6,308,654
Infrastructure	4,391,461
Construction in Progress	<u>153,466</u>
Total Capital Assets	<u><u>\$ 17,195,292</u></u>

Investments in Governmental Funds Capital Assets by Source:

General Fund Revenues	\$ 7,105,547
Federal Revenues and Federal Grants	716,361
Donated Infrastructure	620,558
Capital Improvement Funds:	
City's Share of Cost:	
General Fund	5,903,918
Federal Revenue Sharing	201,482
Federal Grants	614,577
State Grants	<u>2,032,849</u>
Total Investment in Capital Assets	<u><u>\$ 17,195,292</u></u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹

JUNE 30, 2010

	<u>Land</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>
Function and Activity:			
General Government:			
General Government Buildings	\$ 415,439	\$ 13,950	\$ 1,620,430
Administration	593,355	-	-
Cemetery	2,000	11,002	10,313
Tax	-	-	-
Planning and Development	-	-	-
Public Service Workers	-	-	10,647
	<hr/>	<hr/>	<hr/>
Total General Government	1,010,794	24,952	1,641,390
Public Safety:			
Animal Control	1,500	4,660	84,133
Fire	8,250	-	548,842
Police	201,482	8,953	1,475,445
Litter Control	-	-	-
	<hr/>	<hr/>	<hr/>
Total Public Safety	211,232	13,613	2,108,420
Highways and Streets:			
Streets	-	-	10,329
Health:			
Council on Aging	-	-	370,890
Culture and Recreation:			
Tourism	-	-	950,091
Parks	-	-	-
	<hr/>	<hr/>	<hr/>
Total Culture and Recreation	-	-	950,091
Total Governmental Funds Capital			
Assets Allocated to Functions	<u>\$ 1,222,026</u>	<u>\$ 38,565</u>	<u>\$ 5,081,120</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

Machinery and Equipment	Infrastructure	Total
\$ -	\$ -	\$ 2,049,819
406,818	-	1,000,173
33,222	-	56,537
3,307	-	3,307
37,847	-	37,847
-	-	10,647
481,194	-	3,158,330
79,165	-	169,458
2,349,460	-	2,906,552
1,974,085	-	3,659,965
24,330	-	24,330
4,427,040	-	6,760,305
1,397,007	4,391,461	5,798,797
-	-	370,890
-	-	950,091
3,413	-	3,413
3,413	-	953,504
<u>\$ 6,308,654</u>	<u>\$ 4,391,461</u>	17,041,826
Construction in Progress		153,466
		<u>\$ 17,195,292</u>

CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹

FOR THE YEAR ENDED JUNE 30, 2010

Function and Activity:	Governmental	Transfers	Additions	Deductions	Governmental
	Funds Capital Assets 7/1/09				Funds Capital Assets 6/30/10
General Government:					
General Government Buildings	\$ 2,049,819	\$ -	\$ -	\$ -	\$ 2,049,819
Administration	1,015,858	39,055	-	54,740	1,000,173
Cemetery	56,537	-	-	-	56,537
Tax	3,307	-	-	-	3,307
Planning and Development	91,594	(52,547)	2,900	4,100	37,847
Public Service Workers	10,647	-	-	-	10,647
Total General Government	3,227,762	(13,492)	2,900	58,840	3,158,330
Public Safety:					
Animal Control	143,377	40,153	-	14,072	169,458
Fire	2,926,013	-	-	19,461	2,906,552
Police	3,690,786	(42,416)	403,270	391,675	3,659,965
Litter Control	24,330	-	-	-	24,330
Total Public Safety	6,784,506	(2,263)	403,270	425,208	6,760,305
Highways and Streets:					
Streets	5,741,049	15,755	90,104	48,111	5,798,797
Health:					
Council on Aging	370,890	-	-	-	370,890
Culture and Recreation:					
Tourism	950,091	-	-	-	950,091
Parks	3,413	-	-	-	3,413
Total Culture and Recreation	953,504	-	-	-	953,504
Construction in Progress	112,488	-	40,978	-	153,466
Total Governmental Funds Capital Assets	\$ 17,190,199	\$ -	\$ 537,252	\$ 532,159	\$ 17,195,292

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

SUPPLEMENTARY SCHEDULE

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE

JUNE 30, 2010

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
CNA Surety	Public Official Bonds		
	Mayor; James Durbin	\$ 50,000	1/01/11
	Council Members:		
	Arthur Perkins	\$ 10,000	1/12/11
	Rene F. Delahoussaye, Jr.	\$ 10,000	1/01/11
	Ann M. Fugler	\$ 10,000	1/01/11
	John B. Wascom	\$ 10,000	1/01/11
	Lori Lamm-Williams	\$ 10,000	1/01/11
	Public Employees Blanket Bond:		
	City Treasurer:		
Clarence Speed	\$ 50,000	12/11/10	
City Clerk:			
Joan LeBlanc	\$ 50,000	2/06/11	
Hanover Insurance Company	Property and Casualty Coverage -		
	90% Co-Insurance:		
	Municipal Building	\$ 1,625,000	
	Contents	\$ 474,000	
	Boiler and Machinery	\$ 1,175,000	7/01/10
	<u>941 Government Street</u>		
	Steel Water Tank and Tower	\$ 258,000	7/01/10
	<u>110 Brignac Street</u>		
Council on Aging Buildings	\$ 835,000	7/01/10	
<u>949 Government Street</u>			
Fire Station Building	\$ 265,000		
Contents	\$ 11,000	7/01/10	
<u>1100 Hatchell Lane</u>			

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2010

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hanover Insurance Company	Fire Station/Water Dept		
	Office Building	\$ 630,000	
	Contents	\$ 15,000	7/01/10
	<u>27135 La. Hwy. 16</u>		
	Police Station and Jail Facility	\$1,420,000	
	Contents	\$ 155,000	7/01/10
	<u>447 Lamm Street</u>		
	Fire Station Building	\$ 358,000	
	Contents	\$ 13,000	7/01/10
	<u>930 Government Street</u>		
	Sewer Building	\$ 73,660	
	Contents	\$ 15,000	7/01/10
	<u>9150 Forest Delatte Road</u>		
	Street Dept. Maintenance Building	\$ 50,000	
Contents	\$ 2,000	7/01/10	
<u>600-A Bowman St.</u>			
Street Dept. Old Office Building	\$ 50,000		
Contents	\$ 2,000	7/01/10	
<u>600-B Bowman St.</u>			
Animal Control Buildings	\$ 59,000		
Contents	\$ 2,000	7/01/10	
<u>600-C Bowman Street</u>			
Street Dept. Maintenance Equipment Building	\$ 41,930		
<u>600-D Bowman St.</u>			

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2010

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hanover Insurance Company	Street Dept. New Office Building	\$ 59,212	7/01/10
	Contents	\$ 10,000	
	<u>600-E Bowman St.</u>		
	Youth Services Office Building	\$ 290,000	7/01/10
	<u>940 Government Street</u>		
	Utility Warehouse Building	\$ 93,000	
	Contents	\$ 31,000	7/01/10
	<u>112 Brignac Street</u>		
	Motor Pool and Warehouse Building	\$ 265,000	
	Contents	\$ 77,000	7/01/10
	<u>401 N. Railroad Ave.</u>		
	Arts Council/Red Cross Building	\$ 160,000	7/01/10
<u>133 Hummel St.</u>			
Pine Street Pump Station Building	\$ 13,000	7/01/10	
<u>2635 Pine St.</u>			
Steel Water Tank and Tower	\$ 566,000	7/01/10	
<u>9150 Pete's Highway</u>			
Old City Hall Building	\$ 679,566		
Contents	\$ 20,000	07/01/10	
<u>115 Mattie St.</u>			

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2010

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
America First Insurance Company	Sewer Treatment Plant		
	Scheduled Buildings	\$ 136,005	7/01/10
	Scheduled Equipment <u>9300 Forest Delatte Road</u>	\$ 4,023,381	7/01/10
Louisiana Workers' Compensation Corporation	Workmen's Compensation Statutory		7/01/10
Risk Management	General Liability	\$ 500,000	7/01/10
	Law Enforcement Professional Liability	\$ 500,000	7/01/10
Risk Management	Public Officials and Employees Liability Errors and Omissions	\$ 500,000	7/01/10
Risk Management	Business Auto Liability	\$ 500,000	7/01/10
Essex Insurance	Vehicle Physical Damage - Except Fire	Actual Cash Value	7/01/10
VFIS, Inc.	Vehicle Physical Damage - Fire	Actual Cash Value	7/01/10
National Flood Services	Flood Insurance:		
	Fire Station Building	\$ 30,800	
	Contents <u>930 Government Street</u>	\$ 21,000	7/01/10
	Youth Services Office Building	\$ 60,500	
	Contents <u>940 Government Street</u>	\$ 21,000	7/01/10
	Municipal Building	\$ 236,500	
	Contents <u>941 Government Street</u>	\$ 42,000	7/01/10

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2010

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
National Flood Services	Council on Aging Building	\$ 66,000	
	Contents	\$ 42,000	7/01/10
	<u>949 Government Street</u>		
	Fire Station Building	\$ 30,800	
	Contents	\$ 21,000	7/01/10
	<u>1100 Hatchell Lane</u>		
	Police Station and Jail Facility	\$ 275,000	
	Contents	\$ 21,000	7/01/10
	<u>447 Lamm Street</u>		
	Animal Control Center Building	\$ 17,600	7/01/10
	<u>600-C Bowman Street</u>		

See auditor's report.

STATISTICAL SECTION

This part of the City of Denham Springs' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents Page

Financial Trends 108

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 118

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 125

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 133

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 135

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DENHAM SPRINGS

NET ASSETS BY COMPONENTS

Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities:				
Invested in Capital Assets -				
Net of Related Debt	\$ 6,560,926	\$ 6,941,960	\$ 6,779,590	\$ 6,490,262
Restricted	489,762	496,392	508,826	536,679
Unrestricted	3,079,095	2,575,291	2,485,603	2,880,946
Total Governmental Activities -				
Net Assets	<u>\$ 10,129,783</u>	<u>\$ 10,013,643</u>	<u>\$ 9,774,019</u>	<u>\$ 9,907,887</u>
Business-Type Activities:				
Invested in Capital Assets -				
Net of Related Debt	\$ 7,225,602	\$ 7,090,127	\$ 15,204,106	\$ 15,123,675
Restricted	-	-	-	-
Unrestricted	10,447,753	9,356,563	502,195	46,759
Total Business-Type Activities -				
Net Assets	<u>\$ 17,673,355</u>	<u>\$ 16,446,690</u>	<u>\$ 15,706,301</u>	<u>\$ 15,170,434</u>
Primary Government:				
Invested in Capital Assets -				
Net of Related Debt	\$ 13,786,528	\$ 14,032,087	\$ 21,983,696	\$ 21,613,937
Restricted	489,762	496,392	508,826	536,679
Unrestricted	13,526,848	11,931,854	2,987,798	2,927,705
Total Primary Government -				
Net Assets	<u>\$ 27,803,138</u>	<u>\$ 26,460,333</u>	<u>\$ 25,480,320</u>	<u>\$ 25,078,321</u>

The City of Denham Springs adopted the provisions of GASB 34 beginning July 1, 2001.

Schedule 2

Fiscal Year				
2006	2007	2008	2009	2010
\$ 6,228,263	\$ 6,191,695	\$ 8,417,766	\$ 8,531,386	\$ 8,505,809
557,781	599,029	650,680	677,899	717,816
<u>4,335,029</u>	<u>4,977,659</u>	<u>2,933,254</u>	<u>3,273,350</u>	<u>2,965,043</u>
<u>\$ 11,121,073</u>	<u>\$ 11,768,383</u>	<u>\$ 12,001,700</u>	<u>\$ 12,482,635</u>	<u>\$ 12,188,668</u>
\$ 15,086,106	\$ 15,593,805	\$ 19,700,130	\$ 19,710,756	\$ 15,000,218
-	-	-	-	-
<u>329,607</u>	<u>291,250</u>	<u>(3,642,691)</u>	<u>(1,460,181)</u>	<u>326,220</u>
<u>\$ 15,415,713</u>	<u>\$ 15,885,055</u>	<u>\$ 16,057,439</u>	<u>\$ 18,250,575</u>	<u>\$ 15,326,438</u>
\$ 21,314,369	\$ 21,785,500	\$ 28,117,896	\$ 28,242,142	\$ 23,506,027
557,781	599,029	650,680	677,899	717,816
<u>4,664,636</u>	<u>5,268,909</u>	<u>(709,437)</u>	<u>1,813,169</u>	<u>3,291,263</u>
<u>\$ 26,536,786</u>	<u>\$ 27,653,438</u>	<u>\$ 28,059,139</u>	<u>\$ 30,733,210</u>	<u>\$ 27,515,106</u>

CITY OF DENHAM SPRINGS

CHANGE IN NET ASSETS

Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental Activities:				
General Government	\$ 1,477,139	\$ 1,703,420	\$ 1,724,664	\$ 1,633,653
Public Safety	3,672,912	4,025,923	4,697,707	4,647,126
Highways and Streets	1,374,390	1,415,359	1,087,286	1,605,126
Health	29,098	27,768	47,841	79,185
Culture and Recreation	77,645	32,891	28,786	16,129
Interest on Long-Term Indebtedness	1,545	773	4,941	4,831
Total Governmental Activities Expenses	6,632,729	7,206,134	7,591,225	7,986,050
Business-Type Activities:				
Gas	2,336,007	2,574,406	2,900,226	3,115,223
Water	867,579	979,032	1,111,721	1,135,918
Sewer	1,018,507	1,919,226	1,453,480	1,457,006
Sanitation	612,943	599,626	603,848	643,577
Total Business-Type Activities	4,835,036	6,072,290	6,069,275	6,351,724
Total Primary Government Expenses	\$ 11,467,765	\$ 13,278,424	\$ 13,660,500	\$ 14,337,774
Program Revenues				
Governmental Activities:				
Charges for Services:				
Public Safety	\$ 501,648	\$ 585,517	\$ 437,093	\$ 535,046
Highways and Streets	13,364	13,364	13,364	13,364
Culture and Recreation	21,536	-	-	-
Operating Grants and Contributions	296,013	327,247	303,567	301,763
Capital Grants and Contributions	47,907	155,665	389	295,044
Total Governmental Activities Program Revenues	880,468	1,081,793	754,413	1,145,217
Business-Type Activities:				
Charges for Services:				
Natural Gas	2,636,736	2,569,226	2,892,008	3,131,850
Water	1,061,116	1,060,128	1,089,420	1,192,263
Sewer	572,769	543,253	573,976	726,960
Sanitation	552,543	538,834	560,835	583,231
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	32,935	45,666	179,507	32,105
Total Business-Type Activities Program Revenues	4,856,099	4,757,107	5,295,746	5,666,409
Total Primary Government Programs Revenues	\$ 5,736,567	\$ 5,838,900	\$ 6,050,159	\$ 6,811,626
Net Expense/Revenue				
Governmental Activities	\$ (5,752,261)	\$ (6,124,341)	\$ (6,836,812)	\$ (6,840,833)
Business-Type Activities	21,063	(1,315,183)	(773,529)	(685,315)
Total Primary Government Net Expense	\$ (5,731,198)	\$ (7,439,524)	\$ (7,610,341)	\$ (7,526,148)

(CONTINUED)

Schedule 3

Fiscal Year				
2006	2007	2008	2009	2010
\$ 1,665,220	\$ 1,771,741	\$ 2,247,954	\$ 2,001,415	\$ 2,067,324
5,132,885	5,318,674	6,498,239	6,501,384	6,559,364
1,479,561	3,692,535	5,227,848	5,665,185	1,765,577
83,613	86,423	89,043	87,189	78,210
6,364	5,848	8,097	47,985	95,680
3,591	5,518	9,364	64,051	38,190
<u>8,371,234</u>	<u>10,880,739</u>	<u>14,080,545</u>	<u>14,367,209</u>	<u>10,604,345</u>
4,094,315	3,508,527	3,933,171	3,645,980	3,492,599
1,227,451	1,292,457	1,882,160	1,600,633	2,173,325
1,421,191	1,475,803	1,830,952	1,986,382	3,636,328
690,826	746,293	796,411	837,536	848,089
<u>7,433,783</u>	<u>7,023,080</u>	<u>8,442,694</u>	<u>8,070,531</u>	<u>10,150,341</u>
<u>\$ 15,805,017</u>	<u>\$ 17,903,819</u>	<u>\$ 22,523,239</u>	<u>\$ 22,437,740</u>	<u>\$ 20,754,686</u>
\$ 582,442	\$ 528,019	\$ 650,153	\$ 619,044	\$ 817,367
13,364	13,364	14,660	14,510	14,510
-	-	-	-	-
794,018	306,493	344,400	4,394,359	447,024
103,925	2,141,638	3,532,821	139,634	203,621
<u>1,493,749</u>	<u>2,989,514</u>	<u>4,542,034</u>	<u>5,167,547</u>	<u>1,482,522</u>
4,312,500	3,666,729	4,195,400	4,391,189	4,320,370
1,292,098	1,568,829	1,946,603	2,261,158	2,240,377
741,939	1,034,775	1,536,795	2,537,311	2,458,704
594,368	618,554	677,995	733,631	729,993
183,981	-	-	143,268	-
83,576	208,735	194,133	151,022	57,988
<u>7,208,462</u>	<u>7,097,622</u>	<u>8,550,926</u>	<u>10,217,579</u>	<u>9,807,432</u>
<u>\$ 8,702,211</u>	<u>\$ 10,087,136</u>	<u>\$ 13,092,960</u>	<u>\$ 15,385,126</u>	<u>\$ 11,289,954</u>
\$ (6,877,485)	\$ (7,891,225)	\$ (9,538,511)	\$ (9,199,662)	\$ (9,121,823)
(225,321)	74,542	108,232	2,147,048	(342,909)
<u>\$ (7,102,806)</u>	<u>\$ (7,816,683)</u>	<u>\$ (9,430,279)</u>	<u>\$ (7,052,614)</u>	<u>\$ (9,464,732)</u>

CITY OF DENHAM SPRINGS

CHANGE IN NET ASSETS - CONTINUED

Last Nine Fiscal Years
(Accrual Basis of Accounting)

General Revenues and Other Changes in Net Assets	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities:				
Taxes:				
Property	\$ 159,204	\$ 163,898	\$ 169,727	\$ 185,288
Sales	4,193,182	4,316,289	4,837,302	5,121,821
Occupational and permits	627,006	681,773	718,200	775,811
Franchise	536,375	600,028	663,061	659,478
Miscellaneous	204,170	122,602	169,313	192,417
Interest Income	87,980	49,432	37,059	47,348
Transfer from Component Unit	-	-	-	42,538
Transfers	-	-	-	(50,000)
Gain on Sale of Asset	5,452	6,163	2526	-
Increase in Infrastructure Due to Annexation	-	68,016	-	-
Total Governmental Activities	5,813,369	6,008,201	6,597,188	6,974,701
Business-Type Activities:				
Miscellaneous	42,739	38,558	17,399	70,547
Interest Income	96,520	49,960	15,741	28,901
Transfers	-	-	-	50,000
Special Item	-	-	-	-
Total Business-Type Activities	139,259	88,518	33,140	149,448
Total Primary Government	\$ 5,952,628	\$ 6,096,719	\$ 6,630,328	\$ 7,124,149
Change in Net Assets				
Governmental Activities	\$ 61,108	\$ (116,140)	\$ (239,624)	\$ 133,868
Business-Type Activities	160,322	(1,226,665)	(740,389)	(535,867)
Total Primary Government	\$ 221,430	\$ (1,342,805)	\$ (980,013)	\$ (401,999)

Schedule 3
(Continued)

Fiscal Year				
2006	2007	2008	2009	2010
\$ 184,153	\$ 181,812	\$ 187,707	\$ 205,201	\$ 206,395
6,271,458	6,557,726	6,856,653	6,921,858	6,310,540
824,833	917,389	984,586	981,531	983,098
831,587	798,040	860,134	870,836	764,639
217,156	187,406	756,132	672,517	551,082
91,202	200,730	126,616	28,654	12,102
-	-	-	-	-
(329,718)	(304,568)	-	-	-
-	-	-	-	-
-	-	-	-	-
8,090,671	8,538,535	9,771,828	9,680,597	8,827,856
81,479	31,914	9,544	15,980	57,330
59,403	58,318	54,608	30,108	14,149
329,718	304,568	-	-	-
-	-	-	-	(2,652,707)
470,600	394,800	64,152	46,088	(2,581,228)
\$ 8,561,271	\$ 8,933,335	\$ 9,835,980	\$ 9,726,685	\$ 6,246,628
\$ 1,213,186	\$ 647,310	\$ 233,317	\$ 480,935	\$ (293,967)
245,279	469,342	172,384	2,193,136	(2,924,137)
\$ 1,458,465	\$ 1,116,652	\$ 405,701	\$ 2,674,071	\$ (3,218,104)

CITY OF DENHAM SPRINGS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>2,824,510</u>	<u>2,556,216</u>	<u>2,144,650</u>	<u>1,976,136</u>
Total General Fund	<u><u>\$ 2,824,510</u></u>	<u><u>\$ 2,556,216</u></u>	<u><u>\$ 2,144,650</u></u>	<u><u>\$ 1,976,136</u></u>
All Other Governmental Funds				
Reserved	\$ 478,888	\$ 489,762	\$ 496,392	\$ 508,826
Unreserved, reported in				
Debt Service Funds	791	921	2,664	3,112
Capital Projects Funds	498,055	789,062	678,527	769,330
Special Revenue Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u><u>\$ 977,734</u></u>	<u><u>\$ 1,279,745</u></u>	<u><u>\$ 1,177,583</u></u>	<u><u>\$ 1,281,268</u></u>

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,522,300	3,983,508	4,830,519	2,828,039	3,466,081	3,218,813
<u>\$ 2,522,300</u>	<u>\$ 3,983,508</u>	<u>\$ 4,830,519</u>	<u>\$ 2,828,039</u>	<u>\$ 3,466,081</u>	<u>\$ 3,218,813</u>
\$ 536,679	\$ 557,781	\$ 599,029	\$ 650,680	\$ 677,899	\$ 717,816
3,114	3,148	3,241	3,255	3,263	3,266
553,876	503,665	369,306	337,678	93,904	117,626
44,415	48,544	51,581	56,799	65,252	76,040
<u>\$ 1,138,084</u>	<u>\$ 1,113,138</u>	<u>\$ 1,023,157</u>	<u>\$ 1,048,412</u>	<u>\$ 840,318</u>	<u>\$ 914,748</u>

CITY OF DENHAM SPRINGS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2001	2002	2003	2004
Revenues:				
Taxes	\$ 4,811,962	\$ 4,935,933	\$ 5,118,463	\$ 5,711,381
Licenses and Permits	603,394	627,006	681,773	718,200
Fines and Forfeits	260,226	244,035	268,883	308,716
Interest	165,745	86,462	48,775	36,305
Fees	209,339	219,340	227,467	30,237
Intergovernmental	450,262	318,733	352,169	330,805
Special Assessments	6,831	3,907	2,894	389
Miscellaneous	144,750	250,825	314,599	212,076
Total Revenues	6,652,509	6,686,241	7,015,023	7,348,109
Expenditures:				
Current:				
General Government	1,394,742	1,428,228	1,685,298	1,678,063
Public Safety	3,528,464	3,684,433	3,863,753	4,449,788
Highways and Streets	1,174,442	1,325,671	1,087,427	1,116,727
Health	25,954	29,098	27,768	47,841
Culture and Recreation	62,994	77,645	32,891	28,786
Capital Outlay				
General Government	-	-	-	-
Public Safety	-	-	203,158	113,258
Highways and Streets	126,940	110,699	620,525	123,627
Debt Service:				
Principal Retirement	13,321	13,321	13,321	26,918
Interest	2,311	1,545	773	4,941
Total Expenditures	6,329,168	6,670,640	7,534,914	7,589,949
Excess of Revenues Over (Under)				
Expenditures	323,341	15,601	(519,891)	(241,840)
Other Financing Sources (Uses)				
Capital Leases	-	-	-	174,485
Proceeds From Sale of Fixed Assets	31,610	18,116	6,163	2,526
Transfers In	-	485,700	551,755	320,000
Transfers Out	-	(485,700)	(551,755)	(320,000)
Total Other Financing Sources (Uses)	31,610	18,116	6,163	177,011
Net Change in Fund Balances	\$ 354,951	\$ 33,717	\$ (513,728)	\$ (64,829)
Debt Service as a Percentage of				
Noncapital Expenditures	0.25%	0.23%	0.21%	0.44%

Schedule 5

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 6,006,744	\$ 7,328,233	\$ 7,579,393	\$ 7,978,838	\$ 8,381,213	\$ 7,648,359
775,811	824,833	917,389	984,586	981,531	983,098
401,421	431,280	372,193	442,529	474,065	757,852
46,198	90,170	197,281	125,589	27,825	11,934
136,931	150,263	154,168	160,969	145,556	55,275
626,452	933,814	2,480,463	3,909,975	4,565,078	680,638
-	-	-	-	-	-
132,673	151,228	128,189	710,349	270,351	173,054
8,126,230	9,909,821	11,829,076	14,312,835	14,845,619	10,310,210
1,553,124	1,592,712	1,776,712	2,891,831	1,943,669	1,965,060
4,493,449	5,123,758	5,424,584	6,899,834	7,148,230	6,444,582
1,067,247	1,134,207	1,227,004	1,649,499	5,409,480	1,557,264
79,185	83,613	86,423	89,043	87,189	78,210
16,129	6,364	5,848	11,510	29,992	70,903
-	-	45,750	653,753	278,400	17,000
-	-	-	-	-	-
468,423	164,956	2,239,966	4,113,006	173,038	80,115
33,400	34,640	61,841	97,646	273,800	228,731
4,831	3,591	5,518	9,364	51,164	41,183
7,715,788	8,143,841	10,873,646	16,415,486	15,394,962	10,483,048
410,442	1,765,980	955,430	(2,102,651)	(549,343)	(172,838)
-	-	106,168	125,426	979,291	-
-	-	-	-	-	-
42,538	-	-	1,199,062	-	98,591
(50,000)	(329,718)	(304,568)	(1,199,062)	-	(98,591)
(7,462)	(329,718)	(198,400)	125,426	979,291	-
\$ 402,980	\$ 1,436,262	\$ 757,030	\$ (1,977,225)	\$ 429,948	\$ (172,838)
0.53%	0.48%	0.66%	0.79%	2.41%	2.79%

CITY OF DENHAM SPRINGS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Occupational Licenses and Permits	Charitable Gaming Tax	Total
2001	\$ 163,471	\$ 4,061,946	\$ 550,382	\$ 603,394	\$ -	\$ 5,379,193
2002	159,204	4,193,182	536,375	627,006	-	5,515,767
2003	163,898	4,316,289	600,028	681,773	-	5,761,988
2004	169,727	4,837,302	663,061	718,200	-	6,388,290
2005	185,288	5,121,821	659,478	775,811	-	6,742,398
2006	184,153	6,271,458	831,587	824,833	-	8,112,031
2007	181,812	6,557,726	798,040	917,389	-	8,454,967
2008	187,707	6,856,653	860,134	984,586	28,715	8,917,795
2009	205,201	6,921,858	870,836	981,531	332,309	9,311,735
2010	206,395	6,310,540	764,639	983,098	316,320	8,580,992

CITY OF DENHAM SPRINGS

ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Last Ten Years

Year	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value*
2001	\$ 45,968,510	\$ 417,895,550	11%
2002	47,502,340	431,839,450	11
2003	48,325,460	439,322,364	11
2004	53,467,960	486,072,364	11
2005	62,106,950	564,608,636	11
2006	63,370,620	576,096,545	11
2007	64,885,680	589,869,818	11
2008	67,237,330	611,248,455	11
2009	74,931,120	681,192,000	11
2010	77,068,540	700,623,091	11

*Actual Valuation (Market Value) as Compared to Assessed Valuation

Residential properties are assessed at 10% of fair market value; commercial and industrial properties, excluding land, are assessed at 15%. The overall assessed value is estimated to be 11% of actual market value.

SOURCE: Livingston Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of Livingston.

NOTE: Additional information concerning estimated values by types of property was not currently readily available.

CITY OF DENHAM SPRINGS

PROPERTY TAX RATES AND TAX LEVIES
DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

Fiscal Year	City of Denham Springs			Parish Special Districts				Total Parish Millage
	Operating Millage	Total City Millage	Parishwide ¹	Drainage District #1	Recreation District #3	Law Enforcement District	Juvenile Detention Center	
2001	3.44	3.44	40.37	3.66	20.00	12.51	3.00	79.54
2002	3.44	3.44	39.64	5.00	18.00	12.51	3.00	78.15
2003	3.44	3.44	40.64	5.00	20.00	12.51	3.00	81.15
2004	3.13	3.13	42.09	5.00	20.00	12.51	3.00	82.60
2005	3.00	3.00	40.67	4.60	16.49	12.51	3.00	77.27
2006	2.92	2.92	42.98	4.60	16.49	12.51	3.00	79.58
2007	2.84	2.84	42.88	4.60	20.00	12.51	3.00	82.99
2008	2.83	2.83	49.88	4.60	17.50	12.51	3.00	87.49
2009	2.75	2.75	43.32	3.99	16.00	10.55	3.00	76.86
2010	2.75	2.75	40.88	3.99	17.00	10.55	3.00	75.42

¹Parishwide - includes all or some of the following:

Parish/Local, Dixon Sinking, Courthouse Sinking, Road Equipment/Maintenance, Drainage Tax, Council on Aging, Courthouse Maintenance, Health Unit, Library, and Assessor.

SOURCE: Livingston Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of Livingston.

Livingston Parish School Board

Operational Millage	Additional Support Millage	Maintenance Millage	Construction Millage	Debt Service Millage	Total School Millages	Total Direct and Overlapping Rates
3.29	7.18	7.00	5.00	24.16	46.63	129.61
3.29	7.18	7.00	5.00	19.25	41.72	123.31
3.29	7.18	7.00	5.00	15.54	38.01	122.60
3.29	7.18	7.00	5.00	14.85	37.32	123.05
3.29	7.18	7.00	5.00	10.50	32.97	113.24
3.29	7.18	7.00	5.00	7.10	29.57	112.07
3.29	7.18	7.00	5.00	6.73	29.20	115.03
3.29	7.18	7.00	5.00	32.55	55.02	145.34
3.29	7.18	7.00	5.00	22.55	45.02	124.63
3.29	7.18	7.00	5.00	20.45	42.92	121.09

CITY OF DENHAM SPRINGS

PRINCIPAL PROPERTY TAXPAYERS

June 30, 2010

Rank	Name of Taxpayer	Type of Business	2010	
			Assessed Valuation	Percentage of Total Taxable Assessed Value
1	Walmart Louisiana, LLC #935	Retail	\$ 3,006,130	3.82%
2	Bellsouth/AT&T Telecommunications	Public Utility	2,473,460	3.14
3	All Star Dealership Properties	Auto Dealership	2,325,750	2.96
4	Bass Pro Outdoor World	Retail	2,011,950	2.56
5	Home Depot #0375	Retail	1,630,370	2.07
6	Cox Com, Inc.	Telecommunications	1,235,440	1.57
7	Hancock Bank of Louisiana	Bank	895,870	1.14
8	Spring Park Property Owner, LLC	Real Estate	826,130	1.05
9	First Guaranty Bank	Bank	661,340	0.84
10	Entergy Gulf States, LLC	Public Utility	606,480	0.77
			<u>\$ 15,672,920</u>	<u>19.92%</u>

Source: Livingston Parish Assessor's Office.

Note: 2001 Values and Taxpayer Rank were not readily available.

The City of Denham Springs did not accumulate this information prior to 2006.

CITY OF DENHAM SPRINGS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy For Fiscal Year</u>	<u>Collected Within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2001	\$ 158,132	\$ 148,286	93.77%	\$ 3,888	\$ 152,174	96.23%
2002	163,406	155,316	95.05	2,763	158,079	96.74
2003	166,238	161,135	96.93	4,246	165,381	99.48
2004	167,353	165,481	98.88	2,596	168,077	100.43
2005	186,321	182,692	98.05	5,963	188,655	101.25
2006	185,040	178,190	96.30	2,226	180,416	97.50
2007	184,470	180,930	98.08	2,586	183,516	99.48
2008	189,945	185,750	97.79	2,626	188,376	99.17
2009	205,911	197,859	96.09	2,401	200,260	97.26
2010	211,784	205,757	97.15	-	205,757	97.15

CITY OF DENHAM SPRINGS

MUNICIPAL TAXABLE SALES BY CATEGORY - GENERAL SALES AND USE TAX
(AMOUNTS EXPRESSED IN THOUSANDS)

LAST TEN FISCAL YEARS

<u>Standard Industrial Classification Code</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Agriculture, Forestry, and Fishing	N/A									
Mining	N/A									
Construction	N/A									
Manufacturing	N/A									
Transportation and Public Utilities	N/A									
Wholesale Trade	N/A									
Other Retail Trade	N/A									
Vehicle	21,277	21,370	18,808	18,491	18,873	22,733	30,770	26,604	21,479	20,154
Food Stores	N/A									
Finance, Insurance, and Real Estate	N/A									
Services	N/A									
Public Administration	N/A									

Source: Livingston Parish School System's Sales Tax Department which is Collector of City of Denham Springs Municipal 1 1/2 % Sales and Use Taxes currently does not compile sales tax data by standard industrial code.

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CITY OF DENHAM SPRINGS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business - Type Activities	Total Primary Government
	General Obligation Bonds	Certificates of Indebtedness	Capital Lease	Revenue Bonds	
2001	\$ -	\$ 26,642	\$ -	\$ 1,069,541	\$ 1,096,183
2002	-	13,321	-	842,877	856,198
2003	-	-	-	614,933	614,933
2004	-	-	147,567	385,623	533,190
2005	-	-	114,167	160,144	274,311
2006	-	-	79,527	-	79,527
2007	-	-	123,854	23,765,000	23,888,854
2008	-	-	151,634	32,415,000	32,566,634
2009	-	-	857,125	31,935,000	32,792,125
2010	-	-	628,394	55,070,000	55,698,394

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: ¹ Population of the City of Denham Springs obtained from the State Treasurer's Office.

Schedule 12

<u>Percentage of Personal Income</u>	<u>Population¹</u>	<u>Per Capita</u>
N/A	8,757	\$ 125.18
N/A	8,883	96.39
N/A	8,977	68.50
N/A	9,913	53.79
N/A	10,167	26.98
N/A	10,217	7.78
N/A	10,342	2,309.89
N/A	10,439	3,119.71
N/A	10,480	3,129.02
N/A	10,790	5,162.04

CITY OF DENHAM SPRINGS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2001	-	-	-	N/A	N/A
2002	-	-	-	N/A	N/A
2003	-	-	-	N/A	N/A
2004	-	-	-	N/A	N/A
2005	-	-	-	N/A	N/A
2006	-	-	-	N/A	N/A
2007	-	-	-	N/A	N/A
2008	-	-	-	N/A	N/A
2009	-	-	-	N/A	N/A
2010	-	-	-	N/A	N/A

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

The City has had no outstanding general obligation bonds in the past ten years.

Population data can be found in the Schedule of Demographic and Economic Statistics on Schedule 17.

CITY OF DENHAM SPRINGS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2010

	Gross Debt Outstanding	Amounts In Debt Service Fund For Principal	Net Debt Outstanding	City of Denham Springs	
				Estimated Percentage Applicable ¹	Share of Debt
<u>GOVERNMENTAL UNIT - Direct Debt</u>					
City of Denham Springs	\$ -	\$ -	\$ -	100%	\$ -
<u>OTHER GOVERNMENTAL AGENCIES - Overlapping Debt</u>					
School District #1	\$ 26,785,000	\$ 2,379,123	\$ 24,405,877	38%	\$ 9,274,233
Library Bonds	7,610,000	1,897,517	5,712,483	15%	856,872
Livingston Parish -					
Recreation District No. 3	8,545,000	865,596	7,679,404	45%	3,455,732
Recreation District No. 3	<u>1,125,000</u>	<u>472,733</u>	<u>652,267</u>	45%	<u>293,520</u>
Total Other Governmental Agencies	<u>\$ 44,065,000</u>	<u>\$ 5,614,969</u>	<u>\$ 38,450,031</u>		<u>\$ 13,880,357</u>
Total Direct and Overlapping Debt	<u>\$ 44,065,000</u>	<u>\$ 5,614,969</u>	<u>\$ 38,450,031</u>		<u>\$ 13,880,357</u>
2010 Population					<u>10,790</u>
Per Capita					<u>\$ 1,286</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Denham Springs. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Net Overlapping Debt is computed to demonstrate the total property tax burden on the taxpayers within the reporting government's geographic jurisdiction and the total debt that their property taxes will be expected to repay.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Parish's taxable assessed value that is within the City's boundaries and dividing it by the Parish's total taxable assessed value.

CITY OF DENHAM SPRINGS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt Limit	\$ 4,596,851	\$ 4,750,234	\$ 4,832,546	\$ 5,346,796
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 4,596,851</u>	<u>\$ 4,750,234</u>	<u>\$ 4,832,546</u>	<u>\$ 5,346,796</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Note: Under state finance law, the City of Denham Springs' outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 6,210,695	\$ 6,337,620	\$ 6,488,568	\$ 6,723,733	\$ 7,493,112	\$ 7,706,854
-	-	-	-	-	-
<u>\$ 6,210,695</u>	<u>\$ 6,337,620</u>	<u>\$ 6,488,568</u>	<u>\$ 6,723,733</u>	<u>\$ 7,493,112</u>	<u>\$ 7,706,854</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Legal Debt Margin Calculation for Fiscal Year 2010

Total Assessed Value	<u>\$ 77,068,540</u>
Debt Limit (10% of Total Assessed Value)	\$ 7,706,854
Less: Debt Applicable to Limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 7,706,854</u>

CITY OF DENHAM SPRINGS

PLEGGED REVENUE COVERAGE

Last Ten Years

Year	Gross Revenue ¹	Other Financial Sources ³	Expenses ²	Utility Revenue Bonds		
				Available for Debt Service	Debt Service	
					Principal	Interest
2001	\$ 5,819,138	\$ -	\$ 5,052,724	\$ 766,414	\$ 225,467	\$ 89,182
2002	4,962,423	-	4,127,525	834,898	226,664	72,927
2003	4,799,959	-	5,402,563	(602,604)	227,944	56,402
2004	5,149,379	-	5,383,330	(233,951)	229,310	40,329
2005	5,733,752	50,000	5,687,654	96,098	225,479	23,706
2006	7,265,768	329,718	6,764,455	831,031	160,144	8,648
2007	6,979,119	304,568	6,353,047	930,640	-	-
2008	9,021,392	-	7,649,322	1,372,070	450,000	1,051,364 ⁴
2009	10,316,018	-	7,221,571	3,094,447	480,000	1,402,730 ⁴
2010	9,825,063	-	7,351,375	2,473,688	615,000	2,067,006 ⁵

¹Total Operating Revenues plus Non-Operating Revenues plus Capitalized Interest Income

²Total Operating Expenses plus Non-Operating Expenses less Depreciation and Debt Service Interest on Revenue Bonds not capitalized

³Transfers In

⁴Interest capitalized during construction

⁵Interest capitalized during construction plus Debt Service Interest on Revenue Bonds not capitalized

Special Assessment Certificates

Total	Coverage	Special Assessment Collections	Debt Service		Coverage
			Principal	Interest	
\$ 314,649	2.44	\$ 6,830	\$ 13,321	\$ 1,545	.46
299,591	2.79	3,907	13,321	773	.28
284,346	-	5,944	-	-	N/A
269,639	-	389	-	-	N/A
249,185	.39	-	-	-	N/A
168,792	4.92	-	-	-	N/A
-	N/A	-	-	-	N/A
1,501,364	0.91	-	-	-	N/A
1,882,730	1.64	-	-	-	N/A
2,682,006	0.92	-	-	-	N/A

CITY OF DENHAM SPRINGS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

<u>Year</u>	<u>Population¹</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Income²</u>	<u>Median Age⁵</u>	<u>Public School Enrollment⁴</u>
2001	8,757	185,403	21,172	N/A	19,791
2002	8,883	187,973	21,161	N/A	19,987
2003	8,977	191,533	21,336	N/A	20,496
2004	9,913	219,880	22,181	N/A	20,898
2005	10,167	240,805	23,685	N/A	21,561
2006	10,217	264,814	25,919	N/A	23,141
2007	10,342	N/A	N/A	N/A	23,347
2008	10,439	N/A	N/A	N/A	23,549
2009	10,480	N/A	N/A	N/A	24,311
2010	10,790	N/A	N/A	N/A	24,494

¹Population of City of Denham Springs obtained from State Treasurer's Office.

²Parishwide Per Capita Income Per Louisiana Department of Labor.

³Per Louisiana Department of Labor.

⁴Louisiana Department of Education.

⁵United States Census Bureau.

N/A - Not readily available at this time.

Schedule 17

<u>Unemployment Livingston Parish³</u>	<u>Unemployment Labor Market Area³</u>
6.1	4.6
6.1	5.4
6.7	5.6
7.4	6.2
6.3	6.1
4.5	4.6
4.3	4.6
4.5	5.0
7.3	7.4
8.1	8.3

CITY OF DENHAM SPRINGS

FULL-TIME EQUIVALENT CITY OF DENHAM SPRINGS EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30				
	2001	2002	2003	2004	2005
General Government:					
General Provisions	11	10	13	11	10
Cemetery	2	2	2	2	2
Business License and Permit	1	2	2	2	2
Ward II Court	1	1	2	2	2
Planning and Zoning	4	4	3	3	3
Landscaping	-	-	2	2	2
Public Safety:					
Animal Control	2	2	4	3	4
Firemen	21	25	23	25	25
Firemen Administrative Staff	-	-	-	-	-
Policemen	27	27	26	26	26
Police Communications	12	10	12	11	5
Police Administrative Staff	3	3	3	4	4
Police Crossing Guards	2	2	2	2	2
Litter Control	-	-	1	1	1
Public Works:					
Street	19	23	17	14	14
Culture and Recreation:					
Main Street Director	1	1	1	-	-
Old City Hall Secretary	-	-	-	-	-
Public Utilities:					
Natural Gas, Water and Sewer	35	33	37	40	40
Motor Pool:					
Mechanics	2	2	2	2	2
Total Full-time Equivalent	143	147	152	150	144
Total Full-time and Part-time Employees	150	154	159	159	154

Note: Information provided by the City of Denham Springs.
 The Mayor is an elected full-time position. This position is not included in the above schedule.

Schedule 18

Full-time Equivalent Employees as of June 30

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
10	12	13	14	14
2	2	2	-	-
2	1	1	1	1
2	2	2	2	2
3	3	4	3	3
-	-	-	-	-
4	6	11	10	10
25	27	27	28	29
-	-	1	-	-
27	30	33	34	37
5	5	5	3	3
4	5	6	5	5
3	3	3	3	3
1	1	1	-	-
15	17	18	18	21
-	-	-	-	-
-	-	-	1	1
37	42	47	43	46
2	1	2	2	2
<u>142</u>	<u>157</u>	<u>176</u>	<u>167</u>	<u>177</u>
<u>153</u>	<u>166</u>	<u>186</u>	<u>179</u>	<u>187</u>

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Government				
Election Data				
Registered Voters	N/A	N/A	N/A	5,812
Voters at polls	N/A	N/A	N/A	2,022
Absentee ballots	N/A	N/A	N/A	87
Percent Voting	N/A	N/A	N/A	36.30%
Ward II Court				
Court Cases				
Civil	1,000	1,091	1,074	1,250
Criminal	3,442	4,818	5,215	5,763
Landlord and tenant (Included in Civil)	-	-	-	-
Small Claims	-	-	-	-
Traffic	7,362	6,368	7,699	8,238
Public Safety				
Police Protection				
Adult arrests	761	724	681	613
Civil infractions	N/A	N/A	N/A	N/A
Group A Offenses	1,497	1,496	1,325	1,284
Group B Offenses	386	378	441	308
Accidents w/injury	232	275	264	282
Juvenile arrest	144	110	90	74
DWI	81	91	85	71
Parking violations	N/A	N/A	N/A	N/A
Criminal damage to property	268	269	127	151
Private property damage	N/A	N/A	N/A	N/A
Total traffic violations	7,174	5,780	7,107	9,113
Fire Protection				
Fire	86	52	51	64
Estimated Loss Due to Fire Incidents Reported	N/A	N/A	N/A	N/A
Overpressure rupture, explosion, overheat (no fire)	4	1	8	5
Rescue & Emergency Medical Service Incident	901	906	949	948
Hazardous Condition (No Fire)	34	48	36	38
Service Call	68	105	101	89
Good Intent Call	52	48	65	87
False Alarm & False Call	63	59	63	76
Severe Weather & Natural Disaster	2	-	-	2
Special Incident Type	1	2	3	2

(CONTINUED)

Schedule 19

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
5,886	6,413	6,437	6,390	6,530	N/A
907	1,470	1,886	1,519	2,447	N/A
47	43	59	88	304	N/A
16.20%	23.60%	30.22%	25.15%	37.48%	N/A
1,053	858	1,333	1,479	1,703	1,922
6,847	1,689	1,794	2,422	1,750	2,078
-	N/A	N/A	N/A	N/A	N/A
-	-	-	-	-	-
8,932	10,028	11,281	14,281	12,256	17,084
874	833	908	910	946	904
N/A	N/A	N/A	N/A	N/A	N/A
1,378	1,450	1,493	1,528	1,169	1,279
412	463	483	513	603	1,061
134	124	148	176	111	263
122	97	131	93	98	106
95	90	78	122	118	138
N/A	N/A	N/A	N/A	N/A	N/A
123	166	196	232	397	179
N/A	N/A	N/A	N/A	N/A	N/A
9,945	10,013	9,199	11,262	9,043	9,081
62	64	96	107	88	61
N/A	N/A	N/A	N/A	142,175	1,228,225
5	2	-	4	6	4
1,176	910	1,119	1,187	1,026	977
65	21	34	36	63	40
115	72	104	102	137	89
140	131	146	117	103	18
117	75	143	122	78	108
3	2	8	3	5	-
-	-	-	7	7	3

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Natural Gas Services				
Customers	4,511	4,591	4,675	4,838
Inside - Residential	N/A	N/A	N/A	2,307
Inside - Commercial/Industrial	N/A	N/A	N/A	227
Outside - Residential	N/A	N/A	N/A	2,248
Outside - Commercial/Industrial	N/A	N/A	N/A	56
Natural Gas (in million cubic feet (MCF))				
Purchased from LA Municipal Gas Authority (LMGA)	300,873	271,184	272,337	253,568
Sold to customers	258,536	265,569	258,536	242,846
Rates				
Residential Customers inside the city				
First 500 cubic feet or less	\$ 5.63	\$ 5.63	\$ 5.63	\$ 5.63
Next 3,500 cubic feet at \$ per MCF	\$ 6.36	\$ 6.36	\$ 6.36	\$ 6.36
Next 8,000 cubic feet at \$ per MCF	\$ 6.26	\$ 6.26	\$ 6.26	\$ 6.26
Next 12,000 cubic feet at \$ per MCF	\$ 6.16	\$ 6.16	\$ 6.16	\$ 6.16
Residential Customers outside the city and all commercial customers inside and outside the city				
First 500 cubic feet or less	\$ 6.03	\$ 6.03	\$ 6.03	\$ 6.03
Next 3,500 cubic feet at \$ per MCF	\$ 6.76	\$ 6.76	\$ 6.76	\$ 6.76
Next 8,000 cubic feet at \$ per MCF	\$ 6.66	\$ 6.66	\$ 6.66	\$ 6.66
Next 12,000 cubic feet at \$ per MCF	\$ 6.56	\$ 6.56	\$ 6.56	\$ 6.56
All customers inside and outside the city				
Minimum monthly charge				\$ 5.63
Monthly gas rate - cost of gas plus .50 cents per CCF (hundred cubic feet)				eff. 11-9-04
Water Services				
Customers	6,249	6,356	6,459	6,684
Inside - Residential	N/A	N/A	N/A	3,397
Inside - Commercial/Industrial	N/A	N/A	N/A	539
Outside - Residential	N/A	N/A	N/A	2,697
Outside - Commercial/Industrial	N/A	N/A	N/A	51
Water (per hundred gallons)				
Sold to customers	N/A	N/A	N/A	N/A

(CONTINUED)

Schedule 19
(Continued)

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
5,024	5,274	5,607	6,114	6,394	6,483
2,295	2,257	2,265	2,435	2,458	2,430
230	227	243	332	355	357
2,438	2,732	3,036	3,313	3,504	3,616
61	58	63	34	77	80
239,969	253,568	290,515	276,000	270,765	340,280
234,656	239,077	282,351	259,041	263,564	322,042
RATES	CHANGED	CHANGED	CHANGED	CHANGED	CHANGED
SEE	BELOW	BELOW	BELOW	BELOW	BELOW
RATES	CHANGED	CHANGED	CHANGED	CHANGED	CHANGED
SEE	BELOW	BELOW	BELOW	BELOW	BELOW
\$ 5.63	\$ 5.63	\$ 5.63	\$ 8.25	\$ 8.25	\$ 8.25
eff. 11-9-04	eff. 11-9-04	eff. 11-9-04	eff. 3-1-08	eff. 3-1-08	eff. 3-1-08
6,945	7,073	7,367	7,448	7,584	7,574
3,412	3,393	3,438	3,351	3,351	3,327
561	565	583	680	692	686
2,911	3,052	3,280	3,342	3,463	3,483
61	63	66	75	78	78
837,346	1,027,001	825,024	879,501	1,183,207	1,547,631

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Rates (amount billed customers)				
Inside the corporate limits				
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (A)				
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.65
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
Chart (A) - Monthly minimum charge				
5/8 inch	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50
3/4 inch	\$ 8.20	\$ 8.20	\$ 8.20	\$ 8.20
1 inch	\$ 13.70	\$ 13.70	\$ 13.70	\$ 13.70
1 1/2 inch	\$ 27.30	\$ 27.30	\$ 27.30	\$ 27.30
2 inch	\$ 43.70	\$ 43.70	\$ 43.70	\$ 43.70
3 inch	\$ 82.60	\$ 82.60	\$ 82.60	\$ 82.60
4 inch	\$ 137.80	\$ 137.80	\$ 137.80	\$ 137.80
6 inch	\$ 275.15	\$ 275.15	\$ 275.15	\$ 275.15
8 inch	\$ 550.00	\$ 550.00	\$ 550.00	\$ 550.00
Outside the corporate limits				
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (B)				
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 48.00	\$ 48.00	\$ 48.00	\$ 48.00

(CONTINUED)

Schedule 19
(Continued)

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 1.00	\$ 1.00	\$ 2.00	\$ 2.25	\$ 2.25	\$ 2.25
\$ 0.75	\$ 0.75	\$ 1.85	\$ 2.10	\$ 2.10	\$ 2.10
\$ 0.65	\$ 0.65	\$ 1.70	\$ 1.95	\$ 1.95	\$ 1.95
\$ 40.00	\$ 40.00	\$ 70.00	\$ 75.00	\$ 75.00	\$ 75.00
\$ 5.50	\$ 5.50	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75
\$ 8.20	\$ 8.20	\$ 9.10	\$ 9.10	\$ 9.10	\$ 9.10
\$ 13.70	\$ 13.70	\$ 15.15	\$ 15.15	\$ 15.15	\$ 15.15
\$ 27.30	\$ 27.30	\$ 30.15	\$ 30.15	\$ 30.15	\$ 30.15
\$ 43.70	\$ 43.70	\$ 48.30	\$ 48.30	\$ 48.30	\$ 48.30
\$ 82.60	\$ 82.60	\$ 91.25	\$ 91.25	\$ 91.25	\$ 91.25
\$ 137.80	\$ 137.80	\$ 152.20	\$ 152.20	\$ 152.20	\$ 152.20
\$ 275.15	\$ 275.15	\$ 303.80	\$ 303.80	\$ 303.80	\$ 303.80
\$ 550.00	\$ 550.00	\$ 607.25	\$ 607.25	\$ 607.25	\$ 607.25
\$ 1.20	\$ 1.20	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
\$ 0.90	\$ 0.90	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
\$ 0.78	\$ 0.78	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95
\$ 48.00	\$ 48.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Chart (B) - Monthly minimum charge				
5/8 inch	\$ 6.61	\$ 6.61	\$ 6.61	\$ 6.61
3/4 inch	\$ 9.84	\$ 9.84	\$ 9.84	\$ 9.84
1 inch	\$ 16.44	\$ 16.44	\$ 16.44	\$ 16.44
1 1/2 inch	\$ 32.76	\$ 32.76	\$ 32.76	\$ 32.76
2 inch	\$ 52.44	\$ 52.44	\$ 52.44	\$ 52.44
3 inch	\$ 99.12	\$ 99.12	\$ 99.12	\$ 99.12
4 inch	\$ 165.36	\$ 165.36	\$ 165.36	\$ 165.36
6 inch	\$ 330.18	\$ 330.18	\$ 330.18	\$ 330.18
8 inch	\$ 660.00	\$ 660.00	\$ 660.00	\$ 660.00
Sewer Services				
Customers	5,231	5,289	5,294	5,348
Inside - Residential	N/A	N/A	N/A	3,232
Inside - Commercial/Industrial	N/A	N/A	N/A	514
Outside - Residential	N/A	N/A	N/A	1,571
Outside - Commercial/Industrial	N/A	N/A	N/A	31
Rates (amount billed customers)				
Residential customers inside the city				
Monthly flat fee and	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
% of water consumption per 100 gallons	3%	3%	3%	3%
Residential customers outside the city				
Monthly flat fee and	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
% of water consumption per 100 gallons	3%	3%	3%	3%
Commercial customers inside the city				
Monthly flat fee and	\$ 6.00	\$ 6.00	\$ 6.00	RATES
% of water consumption per 100 gallons	3%	3%	3%	SEE
Commercial customers outside the city				
Monthly flat fee and	\$ 7.00	\$ 7.00	\$ 7.00	RATES
% of water consumption per 100 gallons	5%	5%	5%	SEE

(CONTINUED)

Schedule 19
(Continued)

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 6.61	\$ 6.61	\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25
\$ 9.84	\$ 9.84	\$ 10.90	\$ 10.90	\$ 10.90	\$ 10.90
\$ 16.44	\$ 16.44	\$ 18.15	\$ 18.15	\$ 18.15	\$ 18.15
\$ 32.76	\$ 32.76	\$ 36.20	\$ 36.20	\$ 36.20	\$ 36.20
\$ 52.44	\$ 52.44	\$ 57.95	\$ 57.95	\$ 57.95	\$ 57.95
\$ 99.12	\$ 99.12	\$ 109.50	\$ 109.50	\$ 109.50	\$ 109.50
\$ 165.36	\$ 165.36	\$ 182.60	\$ 182.60	\$ 182.60	\$ 182.60
\$ 330.18	\$ 330.18	\$ 364.55	\$ 364.55	\$ 364.55	\$ 364.55
\$ 660.00	\$ 660.00	\$ 728.70	\$ 728.70	\$ 728.70	\$ 728.70
5,420	5,424	5,489	5,485	5,601	5,547
3,253	3,236	3,275	3,208	3,210	3,184
514	514	527	619	636	633
1,622	1,640	1,654	1,623	1,715	1,691
31	34	33	35	40	39
\$ 6.00 3%	\$ 6.00 3%	\$ 6.00 10%	\$ 10.00 25%	\$ 10.00 25%	\$ 10.00 25%
\$ 7.00 3%	\$ 7.00 3%	\$ 7.00 10%	\$ 12.00 25%	\$ 12.00 25%	\$ 12.00 25%
CHANGED BELOW	RATES SEE	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW
CHANGED BELOW	RATES SEE	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW

CITY OF DENHAM SPRINGS

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Commercial customers inside the city				
Hotels/Motels				
Monthly flat fee of \$6.00 based on number of rooms and % of water consumption per 100 gal.	N/A	N/A	N/A	217 Rooms
	N/A	N/A	N/A	3%
All other commercial customers inside the city				
Monthly flat fee based on commercial business zone and				
Zone C-1 \$20.00	N/A	N/A	N/A	12
Zone C-2 \$25.00	N/A	N/A	N/A	25
Zone C-3 \$30.00	N/A	N/A	N/A	436
Zone C-4 \$35.00	N/A	N/A	N/A	20
Zone I-1 and I-2 \$40.00	N/A	N/A	N/A	21
25% of water consumption per 100 gallons (Month Avg. 26,409)				3%
RIRZ	N/A	N/A	N/A	N/A
Commercial customers outside the city				
Hotels/Motels				
Monthly flat fee of \$7.00 based on number of rooms and % of water consumption per 100 gal.	N/A	N/A	N/A	None
	N/A	N/A	N/A	3%
All other commercial customers outside the city				
Monthly flat fee and	N/A	N/A	N/A	\$ 28.00
% of water consumption per 100 gallons	N/A	N/A	N/A	5%
Sanitation Services				
Customers				
Inside - Residential	3,246	3,275	3,390	3,407
Inside - Commercial/Industrial	3,133	3,155	3,267	3,279
Inside - Commercial/Industrial	113	120	123	128
Sanitation Service Contracted Rates -				
Monthly per Customer				
Twice Weekly Pickup and Weekly Pickup of Recycling	\$ 13.13	\$ 13.76	\$ 12.51	\$ 13.58
Rates (amount billed customers)				
Inside - Residential	\$ 14.49	\$ 14.49	\$ 13.55	\$ 14.30
Inside - Commercial/Industrial	\$ 12.19	\$ 12.19	\$ 11.80	\$ 12.55
Inside - Senior Citizens	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

Schedule 19
(Continued)

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
217 Rooms 3%	217 Rooms 3%	314 Rooms 10%	314 Rooms 25%	341 Rooms 25%	444 Rooms 25%
12	12	12	23	23	23
25	25	25	40	40	40
436	436	503	510	510	529
20	20	20	34	34	34
21	21	21	23	23	23
3%	3%	10%	25%	25%	25%
N/A	N/A	N/A	23	23	23
None 3%	None 3%	None 12%	None 25%	None 25%	None 25%
\$ 31.00 5%	\$ 34.00 5%	\$ 36.00 12%	Included w/ inside City	Included w/ inside City	Included w/ inside City
3,426	3,415	3,366	3,470	3,485	3,460
3,293	3,282	3,231	3,318	3,323	3,297
133	133	135	152	162	163
\$ 14.35	\$ 14.86	\$ 14.86	\$ 16.43	\$ 17.44	\$ 17.44
\$ 14.30	\$ 14.81	\$ 14.81	\$ 16.43	\$ 17.44	\$ 17.44
\$ 12.55	\$ 13.06	\$ 13.06	\$ 14.68	\$ 15.69	\$ 15.69
\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

CITY OF DENHAM SPRINGS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Government					
Buildings					
Municipal (City Hall, Ward II Court and Ward II Marshall)	1	1	1	1	1
Public Safety					
Police Protection					
Stations	1	1	1	1	1
Vehicles - Marked	N/A	28	28	28	28
Vehicles - Unmarked	N/A	6	6	6	6
Motorcycles - Marked	N/A	2	2	2	3
Fire Protection					
Administrative Office	N/A	N/A	N/A	N/A	N/A
Stations	2	2	2	3	3
Vehicles - Extinguishment	4	4	4	4	4
Vehicles - Emergency Medical	1	1	1	1	1
Public Works					
Streets and Sidewalks					
Miles of City:					
Primary streets (State and Federal)	N/A	N/A	N/A	N/A	N/A
Secondary streets (City)	42.7	42.7	45.3	45.3	45.3
Sidewalks	N/A	N/A	N/A	N/A	N/A
Bridges	N/A	N/A	N/A	N/A	N/A
Buildings	2	2	2	2	2
Street Lights:					
Residential	638	638	638	638	638
Street and Highway	284	284	284	284	284
Security Light	2	2	2	2	2
Vehicles	N/A	15	15	16	16
Natural Gas, Water and Sewer Services					
Fire Hydrants	N/A	N/A	N/A	N/A	N/A
Miles of natural gas mains	146	149	151	159	163
Miles of water mains	N/A	N/A	N/A	N/A	N/A
Miles of sanitary sewer	N/A	N/A	N/A	N/A	N/A
Number of sewer pumping stations	32	32	32	36	36
Type of sewer treatment system	Rock Reed	Rock Reed	Rock Reed	Rock Reed	Rock Reed
Recreation and Culture					
Parks and Recreation					
Acres	1	1	1	3	3
Developed parks (Spring and Train Station)	1	1	1	2	2
Buildings (Spring and Train Station)	1	1	1	2	2

Schedule 20

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
1	1	1	1	1
1	1	1	1	1
28	30	30	33	31
6	7	7	7	12
3	3	4	4	4
N/A	1	1	1	1
3	3	3	3	3
4	4	6	6	6
1	1	1	1	1
N/A	N/A	N/A	N/A	N/A
45.3	45.3	45.3	45.3	45.3
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
2	2	2	2	2
652	652	652	652	652
284	284	284	284	284
2	2	2	2	2
17	17	17	17	17
N/A	568	568	1,099	1,099
N/A	180	180	180	180
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
37	37	37	37	37
Rock Reed	Rock Reed	Oxidation Ponds	Oxidation Ponds	Mechanical System
3	3	3	3	3
2	2	2	2	3
2	2	2	3	3

CITY OF DENHAM SPRINGS, LOUISIANA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

JUNE 30, 2010

CITY OF DENHAM SPRINGS, LOUISIANA

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December 22, 2010

The Mayor and Members of
the City Council
City of Denham Springs
Denham Springs, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison statement of the general fund, and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the City of Denham Springs, Louisiana's basic financial statements and have issued our report thereon dated December 22, 2010. We have also audited the financial statements of each of the City's nonmajor governmental funds and internal service fund presented in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the *financial statements*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the City of Denham Springs in a separate letter dated December 22, 2010.

This report is intended solely for the information and use of management and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannis J. Bourgeois, CPA

CITY OF DENHAM SPRINGS

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2010

A. Findings - Internal Control Over Financial Reporting

None.

B. Findings - Compliance and Other Matters

None.

CITY OF DENHAM SPRINGS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2010

A. Findings - Internal Control Over Financial Reporting

None.

B. Findings - Compliance and Other Matters

None.

CITY OF DENHAM SPRINGS, LOUISIANA

MANAGEMENT LETTER

JUNE 30, 2010

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December 22, 2010

The Mayor and Members of
the City Council
City of Denham Springs
Denham Springs, Louisiana

In planning and performing our audit of the basic financial statements of the City of Denham Springs, Louisiana, for the year ended June 30, 2010, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 22, 2010, on the basic financial statements of the City of Denham Springs, Louisiana.

CURRENT YEAR FINDINGS:

Finding 10-1

Implementation of Governmental Accounting Standards Board Statement No. 54 – “Fund Balance Reporting and Governmental Fund Type Definitions”

Finding:

The Governmental Accounting Standards Board issued GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” The objective of this Statement is to improve usefulness, including the understandability, of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting. This Statement will be required to be adopted by the City of Denham Springs for the fiscal year ending June 30, 2011.

Recommendation:

We recommend for the City to review the requirements of GASB Statement 54 and make any necessary modifications to the accounting system to implement the requirements of Statement 54.

Management Response:

Management will review the requirements of GASB Statement 54 and implement the requirements that affect the City of Denham Springs.

PRIOR YEAR FINDINGS:

Finding 00-1:

Completion and Implementation of an Accounting Policies and Procedures Manual

It was noted in the prior years and again in the current year that although the majority of the accounting cycles have been documented, there is a lack of written policies and procedures in the various cycles comprising the City's accounting/finance function. Written policies and procedures are essential to a strong internal control system and accounting department.

Recommendation:

We again recommend the City complete the task of evaluating the various cycles and developing written policies and procedures for each cycle.

Management's Response:

All accounting cycles except for Personnel have been documented. The Personnel Department has started documenting its accounting cycles. The next step is to combine all the documented accounting cycles into one policy and procedures manual. The completed policy and procedures manual will be reviewed and updated periodically as needed.

Corrective Action Taken:

Management is continuing the documentation of its accounting cycles with the personnel and purchasing remaining to be completed. The personnel manual needs to be completed to include recommendations from the legal counsel. Once these procedure manuals are completed, management is planning on combining all procedures within the accounting cycle into one manual. The completion of these procedures was delayed due to the illness of the City Treasurer during the past year.

This report is intended for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Denham Springs, Louisiana, is a matter of public record.

Respectfully submitted,

Harris J. Bourgeois, M.P.